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Rakefet Binyamini, 16, of Israel, who swept the board in the women's events at the international tennis event at Ramat Hasharon at the weekend. Report page 4. (Suesskind)

AWACS clashmay be averted

By Wolf Blitzer, Washington
Robert Rosenberg, Jerusalem

The Reagan administration and Israel may yet be able to avoid a full-scale confrontation in the next few months over the proposed sale of five AWACS aerial surveillance aircraft to Saudi Arabia, well-placed U.S. analysts suggested at the weekend.

They said that neither the administration nor Israel appear to have any real desire to force the controversial issue to a formal vote in the U.S. Congress. Both sides seem ready to negotiate a deal, they added.

However, at its regular weekly meeting in Jerusalem on Sunday, the Israeli cabinet reaffirmed the government's policy of continuing opposition to the U.S. plan to sell the AWACS to Saudi Arabia. And Deputy Defence Minister Mordechai Zupori, in a statement last week, said that "Israel will go to the American people" in its opposition to the AWACS sale.

The differences on the issue came to a head last week with the formal announcement by the Reagan administration that it had decided to go through with the AWACS deal. But, bowing to strong Congressional pressure, the officials said the administration has decided to postpone for "three or four months" its formal notification to Congress of the planned sale.

The officials acknowledged that the administration had earlier

agreed to submit formal letters of offer for the controversial sale to Congress next week, but in the face of stiff opposition from both Democrats and Republicans in the House and Sen, the administration has now need to delay the package.

The U.S. administration, according to Washington reports, is said to recognize that the coming Israeli election on June 30 have complicated the negotiations. The Begin government is unlikely to reach a new understanding with Washington during the election campaign.

With this in mind, administration officials announced last week that formal notification to Congress of the AWACS sale, coupled with other weapons designed to enhance the capabilities of Saudi Arabia's F-15 fighters, would be delayed until later this summer. Congress can block major arm sales by approving concurrent resolutions of disapproval in both houses within 30 days after such formal notification.

The administration is expected to embark on a two-pronged strategy. In a move to avert a Saudi-Israeli clash, it will offer Israel additional financial and military assistance, and at the same time, press Saudi Arabia to accept restrictions on the AWACS aircraft which will reduce their potential threat to Israel.

Some U.S. sources have already said that the administration might provide Israel with electronic

countermeasure jamming devices which would help neutralize the AWACS' capability against Israel, but not weaken its potential for detecting other threats to Saudi Arabia.

The entire thrust of administration briefings in recent days has been to show that the AWACS represent no real threat to Israel. Thus, at the Pentagon on Friday, reporters were told that the Saudis would be sending the planes on suicide missions if they attempted to fly near Israel's border during a Middle East crisis. Furthermore, U.S. officials said an agreement is being worked out with the Saudis to give the U.S. a say in how the aircraft will be used when the Saudis operate them on their own.

The administration has said that the planes would only become available in 1985, and operational by the Saudis alone in 1989.

Secretary of State Alexander Haig and Secretary of Defence Casper Weinberger failed last week to convince a delegation of American Jewish leaders that the administration's proposed sale of AWACS and other advanced weapons to Saudi Arabia posed no real danger to Israel.

Members of the Conference of Presidents of Major American Jewish Organizations, led by chairman Howard Squadron, emerged from the 90-minute session at the State Department expressing

(Continued on page 2)

WHEN IT COMES to Saudi Arabia, there appears to be a blind spot among U.S. foreign policy officials across the board, ranging from the Republican right to the Democratic left.

Thus, when the Carter administration first proposed its "package sale" of F-15 fighters to Saudi Arabia in 1978, then-secretary of state Cyrus Vance insisted that former president Gerald Ford and former secretary of State Henry Kissinger had earlier committed the U.S. to providing the Saudis with a new generation "advanced fighter."

Ford and Kissinger acknowledged the commitment, but denied that the F-15, the most advanced U.S. fighter, had specifically been promised — only an "advanced fighter."

In any case, the Ford/Kissinger commitment was eventually translated into the sale of 62 F-15s to the Saudis. Following a tough fight, the Senate went along with the sale by a vote of 54 to 44.

The Carter administration's success was very much the result of two factors: Firstly, the very active support for the sale by Democratic Senator Abraham Ribicoff of Connecticut, himself a Jew; and secondly, a written pledge by then-defence secretary Harold Brown to the Congress promising that no "offensive" equipment would be attached to the F-15s.

Passing the buck on the Saudis

Brown subsequently also promised that no AWACS aerial radar planes would be sold to the Saudis.

BUT BY THE SUMMER of 1980, Brown and other Carter administration officials were already looking for an escape clause from their earlier promise. The Saudis were pressing for the additional weapons, insisting that the U.S. response would be viewed in Riyadh as a "litmus test" in shaping the U.S.-Saudi "special" relationship.

President Jimmy Carter, in the midst of a tough re-election campaign against Ronald Reagan, was pressed by his political strategists to reject the Saudi request last New York and other heavily populated Jewish states be endangered.

Carter, of course, did exactly that, promising voters only a few weeks before election day that the original Brown commitments to Congress and to Israel would be honoured.

At exactly the same time as Carter was assuring Israel's friends that the Brown commitments would be upheld, senior officials in his administration were urging the Saudis to be patient; shortly after the election, the administration would propose the F-15 enhancement sale — and more.

By WOLF BLITZER
in Washington

This shocking fact has now been confirmed by none other than Brown and former secretary of state Edmund Muskie themselves. In a letter to Democratic Senator Carl Levin of Michigan, released in recent days, the two Carter administration officials used diplomatic language to acknowledge that the U.S. would have moved ahead with "an early and positive decision" on the Saudi requests shortly after the election if Carter had won.

Without specifically addressing the question of their earlier commitment against providing particular equipment to the Saudis, Brown and Muskie merely pointed out that "our conclusions were based on the changed situation in the Gulf since 1978."

THE REAGAN administration, after examining the matter for about two weeks, decided to do exactly what its predecessor had suggested — namely, to approve the Saudi requests.

Also following in the Carter example, the new administration tried

partially to pass the buck, insisting that it had been forced into approving the Saudi requests because of earlier U.S. "commitments."

Secretary of State Alexander Haig and Secretary of Defence Casper Weinberger repeatedly referred to the Carter administration's promises to the Saudis during their testimony before various House and Senate committees.

Muskie and Brown, in their letter, concluded by jaying that "The Carter administration indicated its views on this matter to its successors, but neither bound the American government nor precluded the new administration from doing its own evaluation of the proposed sale and reaching an independent decision — which the Reagan administration did."

PART OF THE reason why the Democratic left as well as the Republican right, when in power, tend to go along with Saudi arms requests is the continuing presence in Washington of a military establish-

ment which wants the oil-rich Saudis to help share the initial research and development costs of sophisticated weapons systems. In addition, the business community wants to recycle those Saudi petrodollars.

Since 1973, Saudi Arabia, a cash customer, has spent an estimated \$25 billion on weapons and related military development programmes. The latest package sale alone is valued at approximately \$2.5 billion.

The Pentagon, led by Weinberger and General David Jones, chairman of the Joint Chiefs of Staff, has been the most active in the Reagan administration promoting the Saudi sales. Indeed, some disgruntled State Department officials have alleged to Israeli officials and other pro-Israel supporters that the Pentagon, especially the air force, actually went ahead and informed the Saudis of Reagan's approval even before they had been so authorized. The Pentagon denies this.

Whatever the case, the administration has been taken aback by the extent of the Congressional opposition.

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The supply of five AWACS to Saudi Arabia will present Israel with unprecedented military problems. Regardless of safeguards, these planes will provide the Saudis with detailed and direct information on all air traffic in this country. They are capable of picking up and jamming most Israeli Defence Forces radio communications and can detect major troop movements.

Israel will be forced to invest huge amounts of money from an already over-extended military budget to counter the new threat from some of the world's most sophisticated military gadgetry. NATO only received its first AWACS during the past month.

Regardless of Saudi Arabia's pro-western orientation, Israel will have to assume that the intelligence being gathered by the AWACS planes will be passed on to confrontation states, such as Jordan and Iraq, and that in time of conflict Saudi Arabia will pass on vital intelligence until now unobtainable to Israel's enemies.

The AWACS issue is one of the

few major topics which there is no disagreement between the various branches of government. The Prime Minister's Office, the Foreign Ministry and the military are all convinced that everything possible must be done to stop the sale, even at the expense of harming relations with U.S.

The danger Israel's security, officials say, is great to allow internal or external political considerations to interfere with opposition to the sale. The government was prepared to make low-key protestations against the American decision to up the 62 F-15 interceptors jets to Arabia has on order with an 'ensive capability, and was ready to agree to offset this threat by accepting \$600m. from the U.S. on easy terms.

However, none will be struck

Why Israel is dead set against Saudis getting the spy planes

A News Analysis by
Military Correspondent
Hirsh Goodman.

over the AWACS. Israel has officially turned down an American request to come and test the AWACS, on the grounds that this would constitute a *de facto* admission that Israel thought the deal was acceptable.

Officials here believe that there is a fair to good chance of the deal being "shot down" in the U.S. Senate. Over 50 senators, including some key Reagan supporters, are on record as being opposed to the deal.

The officials believe that the opposition is not primarily out of concern for Israel's security, but because there is a general reluctance

to allow the West's most secret and sophisticated weapons to be deployed in a basically unstable Arab state. Not only is the example of Iran fresh in the minds of the senators, officials here claim, but Saudi Arabia also has deep connections with such pro-Soviet countries as Iraq, and the possibility of Iraqi technicians being made privy to the plane's secrets is not unlikely.

Officials here see the supply of AWACS to Saudi Arabia as a destabilizing influence in the Middle East. In the event of any Israeli pre-emptive attack, even excluding Saudi Arabia, one of the first targets would be the AWACS, because of its capacity to eliminate the element of surprise.

The shooting down of the aircraft, over Saudi Arabian territory, would have major ramifications especially as there are likely to

be American crew members aboard.

Israel has yet to define the precise course of action it will take to block the sale. A major quarrel between the U.S. and Israel — the first since Washington's "re-assessment" during the interim agreement negotiations on the Sinai in 1975 — is on the cards.

A sharp line has been drawn between understanding of the American interest in supplying countries it considers its allies in the Middle East with modern weapons, and the specific supply of the AWACS to Saudi Arabia. There is one official said, a wide range of alternative airborne early-warning and radar systems the Americans could supply, citing the Hawkeye (currently in use with the Israel Air Force) as one example.

The unfortunate lesson of the entire episode, he concluded, was that Washington, despite opposition in the military, in the Senate and in the State Department, seems incapable of refusing any request from Saudi Arabia, however preposterous.

AWACS CLASH

(Continued from page one)

their strong opposition to the proposed sale. Haig urged the approximately 30 Jewish leaders to wait until the exact details of the proposed sale are submitted to Congress later this summer before embarking on a major campaign in opposition.

Squadron, meeting with reporters in the lobby of the State Department, suggested that the administration apparently intends to spend the coming weeks trying to ease Israeli concerns by providing Israel with additional "off-setting" military supplies and financial assistance.

At the same time, he added, the administration will try to win some concessions from the Saudis. Haig and Weinberger both suggested that an American refusal to sell the AWACS to the Saudis would merely result in a purchase of the British Nimrod radar planes.

Last week, the Israel Government expressed its "profound regret and unreserved opposition" to the sale plans. Prime Minister Menachem Begin reiterated the Israeli viewpoint during a meeting with U.S. Ambassador Samuel Lewis in Jerusalem.

According to sources in Jerusalem, the meeting was one of the "most unpleasant" ever between Begin and the U.S. ambassador. The government statement said that "the supply of sophisticated weaponry to Saudi Arabia will undermine peace in the Middle East and create a grave danger to the security of the State of Israel." Describing Saudi Arabia as a country that "totally rejects the Camp David accords, peace with Israel and recognition of Israel," the statement was one of the harshest ever made by this government to the U.S. government. Begin said that "without a doubt, the decision will undermine peace."

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On Thursday, the Israeli Army Spokesman announced that Israel Defence Forces sank a terrorist vessel somewhere between Tyre and Sidon the previous day. Palestinian sources said Israeli gunboats had bombarded Tyre for about 30 minutes.

MK Moshe Arens, chairman of the Knesset Foreign Affairs and Defence Committee, said last week that if Syria did not heed Israeli warnings to stop its attacks against Lebanon's Christians, Israel would take direct military action against Syria. (Editorial comment, page 18)

Begin acts to ease tension in South Lebanon

As fighting between Syrian troops and Christian Phalangists raged in the north, and Israeli towns and settlements in the Galilee — along with Christian villages in South Lebanon — came under rocket attack, progress was made last week towards defusing the tension that has built up between UN soldiers and the Israeli-backed South Lebanon Christian forces.

Those forces, using their power to avoid clashing with the UN troops in Lebanon, it was announced on Thursday of last week, following a meeting at Defence Ministry headquarters in Tel Aviv between Prime Minister Menachem Begin (who is also defence minister) and Major Sa'ad Haddad, commander of the Israeli-backed Christian forces.

Haddad came to Tel Aviv from Rambam Hospital in Haifa, where he had been hospitalized for fatigue. Earlier last week, Begin had met with UNIFIL Commander General William Callaghan, who had urged Israel to restrain Haddad.

The Begin-Haddad meeting was called after the Foreign Ministry had repeatedly requested that the premier bring his influence to bear on the IDF and Haddad to defuse the animosity between Israel and the UNIFIL forces in South Lebanon — animosity which Foreign Ministry officials claimed was causing Israel's image abroad immeasurable harm.

Villages in Haddad's Christian enclave, like Israeli towns and settlements in the Galilee Panhandle, were victims of terrorist Katyusha rockets last week.

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Moshe Arens... warning to the Syrians terrorist actions subside.

butznik, was wounded in one of the attacks and flown by helicopter to Haifa's Rambam Hospital, where he underwent surgery for removal of shrapnel from his body.

The shelling of the Panhandle caused many visitors to cut short their vacations there and return to the south. The shelling also sent local residents into their bomb shelters for two days and nights.

At the beginning of last week, the violence from across the border brought Israeli air raids on terrorist concentrations near the famed Beaufort Castle.

In an operation late Sunday afternoon, Israeli Air Force planes blasted terrorist concentrations near Sidon, and buses in Nabatiya. The attacks, said the Israel army spokesman, were pre-emptive measures aimed at foiling terrorist plans for assaults on Israel.

The terrorist Katyusha attacks last week were directed at the Israeli communities of Nahariya, Shlomi, Metulla and Kiryat Shmona.

Israeli army major Shmuel Amir, 33, was killed last week by terrorist shells as he and other sappers were clearing mines near the village of Marjayoun in South Lebanon. Two sappers were wounded.

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CIA expert: Israel had A-bomb in '68

By WOLF BLITZER
Jerusalem Post Correspondent
WASHINGTON — The U.S. Central Intelligence Agency concluded as early as 1968 that Israel already had nuclear weapons, according to a former CIA official.

Former agent Carl Duckett made this statement during a one-hour ABC television report this week entitled *Near Armageddon*.

In addition to Israel, the programme focused on the nuclear activities of Pakistan, Libya and Iraq. It concludes that Iraq will have weapons-grade nuclear material within two years.

Duckett, now a private consultant here in Washington, tells ABC News that the 1968 National Intelligence Estimate was taken by then CIA director Richard Helms to President Lyndon Johnson.

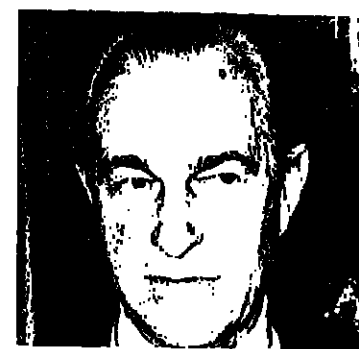
Duckett says that the 1968 CIA estimate on Israel's nuclear capability was based in part on a widespread belief that Israel had managed to obtain about 100 kilos of uranium from the Nuclear Materials and Equipment Corporation (NUMEC) in Apollo, Pennsylvania.

Earlier in the 1960s, the U.S. government had discovered that the weapons-grade uranium, enough to build at least four atomic bombs, was unaccounted for at the plant. According to ABC, six factors suggest the uranium ended up in Israel:

- The CIA later detected in Israel traces of highly enriched uranium — the kind missing from NUMEC;
- Many of NUMEC's files were missing and bookkeeping was inaccurate;
- There had been inadequate security at NUMEC;
- There was an "intimate business relationship" between Israel and NUMEC, and a NUMEC subsidiary was part-owned by Israel;
- NUMEC president Dr. Zalman Shapiro had "special and repeated contacts with Israeli government officials";
- Despite a series of varying explanations from the company, 100 kilos of uranium is still unaccounted for.

Shapiro told ABC in writing that he "denies that he ever was involved in, or has any knowledge of, any theft or diversion of material from NUMEC."

• The CIA later detected in Israel



CIA Chief Helms... told President Johnson about the "Israel A-bomb"

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Mystery crow makes life a nightmare for Jaffa man

By MIKEL YUDELMAN
Jerusalem Post Reporter

A 34-year-old Jaffa house painter says life has become a nightmare in the past three weeks since a large black crow began following him around wherever he leaves home.

"That bird is driving me crazy," Arye Nuriel police last week. "I'm afraid to go out of the house in the morning because I used to meet my ends every night because the bird is outside the door waiting and howling at me."

When Nuriel first notified the police about the strange phenomenon, a patrol car was sent to pick him up and bring him to the precinct house for questioning. The moment he got into the car the bird appeared unstartled to follow the patrol car.

At the police station, Nuriel was told to get in touch with the Society for the Prevention of Cruelty to Animals "because it is difficult to interrogate a crow."

Nuriel's other said the crow swoops down at his son scaring him half to death. Arye falls flat to the ground when he hears his son's head. We don't know what he wants, but we are afraid he might take out an eye or something."

She said the family is reluctant to kill the crow in the belief that bad

luck would befall anyone who harms or kills a bird of the species.

Moshe Ben-Ari, a Tel Aviv veterinarian, told *The Jerusalem Post* that "crows are probably the most intelligent of birds and capable of quite a few complicated tricks."

Shalom Zuercher, chief aviculturist for the Israel Nature Reserves Authority, has been called in to try to find a solution. After searching the neighbourhood, he reported spotting a crow's nest with a fledgling in it on a roof of a nearby house. He said: "It is quite possible Nuriel or someone who looks like him got too close to the nest and has thus become the mother crow's enemy."

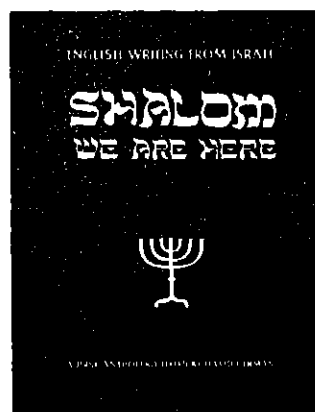
Another theory came from a Tel Aviv man who said Nuriel may be mistaken by the bird for his brother, who worked at a science department of Tel Aviv University and had raised and trained a baby crow. "That crow," said Nissim Megidish, used to follow my brother around everywhere, even when he drove away in his car.

"But he gave it back to the university after it stole my mother's gold watch, and we feared he would go after other glittering articles."

When Nissim saw Nuriel's picture in the newspapers, he came to Jaffa police. "I'm sure the crow thinks Nuriel is my brother. The face and complexion are the same," he said.

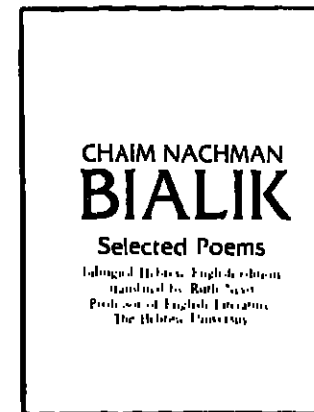
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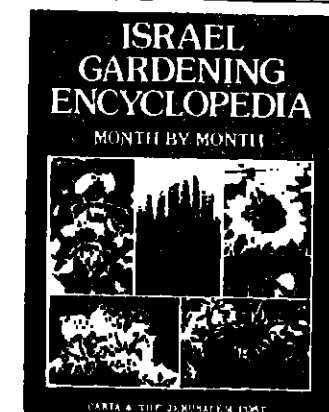
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MICHEL, the pilot first episode of a projected serial based on Amnon Shamosh's novel about a Jewish-Syrian family, was so promising that I hope there will be no hesitation in Television House about going ahead with it.

We have not had an indigenous fictional serial since all concerned were terrified out of their wits by the hot reception accorded to *Hedwa* and *I* by the stuffed open-neck shirts of the then Establishment.

I am keeping my fingers crossed that the present team in charge of television will be able to withstand the criticism and complaints *Michel* will probably provoke.

The production of original fictional films in this country has always been bedevilled by the hostile reaction of Israelis. Critics, who may be reasonably kind to overseas films, flay the local products for failing to reach the highest standards ever attained with film.

The script, production, direction and acting all have to be worthy of Oscar or Emmy awards. Local pressure groups are as sensitive as sea anemones about anything that may show them in an unsympathetic light.

In the case of *Michel*, for example, I expect the local Sephardi and Syrian-Jewish organizations to be

Discovering the individual

TELEREVIEW
Philip Gillon

up in arms over the serial. Since most of the running television are Ashke. I fear that they will cave in if any Sephardi protests. "will be a great pity because *Michel* could do the Syrian Jews the power of good.

Admittedly, the fly of Ezra Safra, judging from the first episode, is not a veryable one. Papa is a nasty dome tyrant, exploiting the power to purse to bully his women and sons. He is constantly in a fury. Mother is a manipulator, scared stand up to the monster, and arently not prepared to solve family's problems in the obkway by putting arsenic in his nalle. One boy is a weakling, the othis a petulant adolescent. The girls far, are quite nondescript. Inapiness, Ben Ezra is a crook.

THE DESCRIPTION the family must be very familito anybody who has ever read aort story or novel about Jewish lifanywhere — whether they were ine ghettos of Eastern Europe, New York, Chicago, Montreal, London or Israel, or in the goldi ghettos of these places today.

The great difference between all these novels and *Michel* is that the setting here is a Syrian city. The film brought out the strong influence of French culture on these wealthy Jews. There was a wonderful scene in the first episode in which the ladies play rummy, eat very sweet cakes, and gossip like French *grandes dames*.

The Arab influence was also strong: the film showed us the father wearing a fez, fingering beads, smoking a narghile.

Although as Jews we are all unified, we are certainly a nation of chameleons.

FICTION is the staple of television programming. News, documentaries, talkfests, games and musical shows are all vital and all very important, but a night's programme has to be built around fiction.

I have always been amazed that champions of the Hebrew language have been so unperturbed by the fact that for 13 years Israelis have been getting their basic TV wares in

foreign languages. Time and again, I have pleaded for more Israeli fictional wares on television, and for acceptance of the principle that the standard of these need not be so high that only two or three films can be made each year.

We should have a constant flow of Israeli dramas, serials, situation comedies, other comedies and thrillers — many of these, I believe, can be made at no greater cost than the so-called "entertainments," games and documentaries with which we are supplied in comparative abundance.

ONE THING that I particularly liked about *Michel* is that it did not deal with the problems of communication, loneliness, every man being an island and the search for identity, that we have been getting lately in so many Israeli films. Instead, it raised what used to be familiar difficulties like parental tyranny and the desire of the youth to emigrate to Israel.

During the last year we have seen a number of very well-done Israeli short films, and one long one about a weekend in a seaside hotel. All of these, although the plots and settings varied, were concerned with

the loneliness problems I have catalogued above.

While I was impressed by the standard of the film-making, I must confess that I experienced a certain amount of ennui as the non-heroes and non-heroines went through their communication and identity crises.

At one time, I noted a vast difference between the Israeli and American Declarations of Independence. The former stresses the right — and, implicitly, the obligation — of the Jewish people to return to Zion and to realize an age-old dream, the redemption of Israel. The American Declaration emphasizes the right of the individual to life, liberty and the pursuit of happiness.

For a long time, this difference was expressed in cultural terms: Israelis were preoccupied with how to fulfil Zionist aspirations and whether they enjoyed doing so; Americans were pursuing happiness hell for leather, independent of the effect of their doing so on their country.

Latterly, to judge by Israeli films, we have discovered the individual and are less interested in the state. This may be a very good thing. But the tortured and involved loneliness we have seen in such quantities does tend to become repetitive.

HOME NEWS

Dayan's interview fee spurs call for new legislation

Jerusalem Post Staff

MK Moshe Dayan may well have a tiny extra niche in Israel's history if a bill nicknamed after him — the "Dayan Law" — that would prohibit serving cabinet ministers from charging fees for interviews, becomes law.

Shai MK Yosef Tamir announced last week that he was preparing private legislation to make it an offence for ministers and deputy ministers "to abuse their office" by charging money for media interviews.

Tamir was reacting to a spate of reports during the week that Dayan — while a cabinet minister — agreed to give interviews only if paid a large fee. In 1973 his going rate for foreign TV teams ranged between \$5,000 and \$10,000.

Tamir said that it was among the duties of cabinet ministers to explain Israel's political stand and national problems to the nation and the world. While in office they had no right to reap profits because of their high posts, Tamir said.

One local daily reported recently that Dayan refused to give it any more interviews unless he is paid.

Foreign correspondents said that when many groups of journalists came from abroad to cover the 25th anniversary celebrations in 1973, and asked for interviews with Dayan, they were referred by one of his closest associates to a public relations firm in Western Europe.

This public relations firm told interested applicants that the fee for an interview with the then defence minister varied from \$5,000 to \$10,000. One Dutch TV station, which was infuriated at the idea of paying an Israeli cabinet minister for an interview to mark the 25th



Yosef Tamir... "no right to reap profits."

anniversary, took pains to leak the fact widely.

A short while later, it is reported here, Dayan approached an internationally-known English language daily and offered an article for its weekend magazine. Dayan mentioned a fee of \$3,000. The local bureau chief tried to hint that his head office was not interested in such "cheque-book journalism."

However, Dayan persisted and sent over his article, but in Hebrew, asking \$1,500.

In order to avoid embarrassment and make sure the paper's contacts with Dayan remained open, the local bureau chief paid the \$1,500 and sent an English translation of the Dayan article to his head office. As he expected, it was never used.

Ha'aretz paid Dayan \$1,500 for a recent interview after having checked his usual going rate with Yediot Aharanot. Ha'aretz was surprised when Dayan returned the cheque and waived his fee, according to reports here.

Clash over summer time

Interior Minister Yosef Burg has decided against the introduction of summer time this year despite the strong support for moving the clock an hour forward from Energy Minister Yitzhak Moda'i and the other economic ministers.

Burg said he did not believe the fuel saving from an extra hour of daylight in the evenings was sufficient to justify the move.

Introduction of summer time is opposed by Orthodox Jews. They claim moving the clock ahead would prevent them from getting to work on time after morning synagogue services, which must commence only after daybreak. At the height of summer, sunrise occurs later than at other times and advancing the clock would leave no time for prayers.

Another objection raised on religious grounds is that operators of cafes, restaurants and theatres who normally open on Saturday nights would open for business "according to the clock" rather than wait for sundown, when the Sabbath

ends. When Burg was forced by a High Court ruling to move the clock forward for six weeks last summer, electricity consumption fell by an average of 0.7 per cent, according to Energy Ministry figures. This would mean savings of about 8,000 tons of fuel during a complete summer, or a reduction in foreign currency expenditure of about \$1.8m.

The Energy Ministry's support for summer time was strengthened by last year's experience and by the rise in oil prices over the last two years, ministry sources said. Twenty European countries have already switched to summer time this year.

Last December, in an attempt to get around the High Court ruling, the Knesset approved an Agudat Yisrael-sponsored law which gives the Minister of Interior sole discretion to set summer time.

The chairman of the Knesset subcommittee on energy, Micha Harish (Labour), will try to persuade Burg to reverse his decision.

Coach Rudi leaves, but no hard feelings

By PAUL KOHN
Post Sports Reporter

TEL AVIV. — Rudi D'Amico, who coached Tel Aviv Maccabi basketballers to their European Cup triumph, will not be with the club next season. Instead, the New York coach who had been brought in on a one-year contract to fill Ralph Klein's place will coach the up and coming Italian side Brindisi.

Maccabi's management is to decide whether Klein, who had taken a sabbatical after five years as the team's coach, should resume his post.

D'Amico commented: "It was a tremendous experience for me to have been in Israel and I'm sorry to leave."

There are evidently no hard feelings.

100,000 in Sinai for farewell Pessah

By ROBERT ROSENBERG
Jerusalem Post Reporter

Israel's last Pessah in Sinai — before it is handed over to the Egyptians next April — caused headaches for policemen, heartache for the Israeli residents of the peninsula, and stomach-aches and sunburns for many of the estimated 100,000 Israelis and foreigners who celebrated the Exodus at Ophira beach and mountain campsites.

For the last time since the Sinai was taken during the 1967 war, Pessah vacationers drove freely down to Sharm e-Sheikh (Ophira). By next Pessah the entire peninsula will be in Egyptian hands, and according to Brig. Dov Sion, who serves on the Egypt-Israel joint military committee, the procedures for visits after the April 1982 handover "have not been determined."

In Ophira, many of the residents celebrating their last Pessah in the Sinai made bitter note of the fact in their seder dinners, said one resident.

Plaza named for U.S. labour leader

Jerusalem Post Reporter

A plaza commemorating American labour leader George Meany was dedicated last week in Jerusalem's Ramot neighbourhood.

Meany's successor as head of the A.F.L.-C.I.O., Lane Kirkland, said at the ceremony that the dedication of Meany Plaza was the one commemorative gesture Meany had known of and approved shortly before his death.

Kirkland said Meany had identified with Israel. "He wanted a world where the little guy wouldn't be pushed around."

Labour Party leader Shimon Peres, Histadrut leader Yehoram Meshel and Mayor Teddy Kolek also spoke.

Since the site is across the 1967 borders, no representative of the American consulate was present.

Kirkland — speaking at a dinner given in Jerusalem for him and AFL-CIO senior vice-president John Lyons — pledged never to deal with the PLO, which was an agent of international terrorism and of a foreign power. "Even if you Israelis should start to deal with them we still will reject them," he said.

The dinner was given by the secretary-general of the Histadrut labour federation, Yehoram Meshel.

Prof. Schachter, 70

Jerusalem Post Reporter

Professor Yehoshua (Ozjasz) Schachter, former rector and former head of the chemistry department at Bar-Ilan University, died at his home in Haifa last week. He was one of the country's best-known applied chemists. Schachter had been engaged in research on producing energy from shale.

During the War of Independence, he produced explosives in Jerusalem for the defence of the city. Over the years, he served as a consultant to industrial firms and government ministries, and in 1958 he joined the Bar-Ilan faculty, becoming head of the chemistry department in 1960. Born in Galicia, Schachter immigrated to Israel in 1940.



Poppies, anemones, crowfoot, tulips, phloxes and eye and horned poppies colour Israel's landscape red throughout the spring. Delve into the marles of our red flowers, in the Spring 1981 issue of

ISREL — LAND AND NATURE

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* Gravel pictures in Sinai
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Name and Address (please print clearly).....

New 'voice' of Israeli women

By LEA LEVAVI
Jerusalem Post Reporter

NOGA (Venus), Israel's first feminist magazine in Hebrew, recently made its debut on the country's newsstands. It was put together by a group of 11 women from around the country who felt the need for a Rachel Ostrowitz, an architect and one of Noga's editors, called "a magazine which shows women the way they really are instead of the way men want them."

Ms. Ostrowitz said the 11 women, three of whom are professionally involved in either writing or publishing, were linked by their urge to see a different kind of women's magazine made available to Israeli women.

The first issue of *Noga* was supported in large part by a contribution from Women for Women, an American organization which supports shelters for battered wives and other services for women in Israel.

"We hope to get more advertising in the future," Rachel Ostrowitz said. "I don't think people relieved in us until our first issue actually came out. Now, I hope they'll take us seriously." She stressed that they would accept ads which did not insult women. She said they would become subscribers.

For the moment, *Noga* will appear four times a year, though the goal is monthly publication.

Material in the first issue includes an article on high heels (as a symbol of the beauty industry which makes women suffer, and endangers their health, for beauty's sake), a short story about a Yemenite woman's wedding night, and a news section on developments of interest to women in Israel. "We don't want to put the label 'feminist' on our magazine," Rachel Ostrowitz said. "We want people to read it and draw their own conclusions."

Soldiers' gunfire hurts 2 W. Bankers

Jerusalem Post Reporter

Two youths were injured when border policemen opened fire during a pro-PLO demonstration in Ramallah Saturday after a religious procession in the centre of town.

According to military sources, the legal procession by the Greek Orthodox church ended in the Mamun Square. But instead of dispersing, a crowd of between 400 and 500 youths began chanting nationalist slogans, raising the

Palestinian flag and burning tires. The youths also pelted stones at three Border Police patrols. When tear gas failed to break up the demonstration, soldiers opened fire.

Security forces have detained an unspecified number of the demonstrators.

The two youths, whose injuries were described as moderate, are being treated in a local hospital. A military spokesman said an investigation is being conducted to determine how they were injured.

Hebron man hurt in Jerusalem blast

A 50-year-old man from Hebron was wounded in his leg when a bomb went off Friday afternoon in Jerusalem's Daniel Park across from the municipality.

The bomb, hidden in the bushes near a water tap, went off as the man, and his five children came for a drink.

The police rushed the man to Hadassah Hospital and took his

children, who range in age from six to 14, back to Hebron.

In Tiberias an explosive charge in a pita roll lying in the town centre here was discovered last week, thanks to alert passersby who were suspicious because of the scarcity of bread during Pessah.

A police sapper defused the charge without causing any damage.



Boaters pass the hot holiday weekend on the artificial lake in Hayarkon Park in Ramat Gan. (Pinkson, I.P.P.A.)

Maundy Thursday is celebrated

Jerusalem Post Reporter

Thousands of Greek Orthodox pilgrims from Greece and Cyprus braved the heat together with local believers to watch new Greek Orthodox Patriarch Diodoros I wash the feet of 12 of his archbishops last Thursday in commemoration of Maundy Thursday.

On Friday, the Greek Orthodox, as well as the Armenians, Copts, Ethiopians and Syrians, observed Good Friday with processions to the Church of the Holy Sepulchre.

The highlight of the Easter celebrations for the Orthodox came at noon Saturday with the ceremony of the Holy Fire, in which the flame of Easter is passed out of the traditional tomb of Jesus and distributed to the faithful who carry candles for the occasion.

Busy days at tennis centre

By JACK LEON
Post Sports Reporter

RAMAT HASHARON. — Shlomo Glickstein and Rakfet-Binyamini stole the limelight at the Israel Tennis Association's annual Pessah International Championships, which ended at the Tennis Centre here on Saturday night.

Glickstein, 23, took the men's singles and doubles crowns, while 16-year-old Binyamini finished the two-week meet by capturing the singles and doubles titles both in women's and girls' under-18 competition.

In a superb 135-minute men's singles final Saturday, Glickstein edged out new immigrant David Schneider (27) from South Africa 6-7, 6-4, 6-2. The hard-hitting, aggressive Binyamini earlier had it much easier, as she cruised to a 6-3, 6-2 victory over defending champion

Hagit Tsubari, 20, in the women's last round. Nearly 2,000 spectators were on hand at the Israel Tennis Centre's "Canada Stadium" for the finals.

Glickstein teamed up with Schneider to beat Michael Mortensen and Peter Bastiansen of Denmark 6-4, 6-2.

American tennis stars Brian Teacher and Tim Gullikson will join Holland's Tom Okker and Israel's Shlomo Glickstein at the Israel Tennis Centre here this week in the first round-robin tournament ever organized in Israel. The \$50,000 Grand Prix Tournament involves each of the participants playing the other three.

The tournament is being held to mark the fifth anniversary of the Ramat Hasharon Tennis Centre's establishment. Prize money for the winner is \$17,000, with the runner-up receiving \$13,000.

Ida Nudel's spirit igh despite exile

By JUDY SIEGEL
Jerusalem Post Reporter

A newly arrived Soviet immigrant who flew halfway across the USSR last year to repair the cabin of exiled refusenik Ida Nudel says that she is "physically tired but her spirit is mighty."

Zalman Kunik, a 54-year-old mechanic from Leningrad, travelled to the village of Krivosheino between Novosibirsk and Tomsk last summer. He went with refusenik Lev Furman and other friends of the 50-year-old exiled economist. The journey took 12 hours by ship and plane, and was paid for by Kunik and other aliya activists. They spent 10 days repairing the roof and floor of the dilapidated, one-room wooden house where Nudel has lived for more than three years.

"She never dreams of asking for help," says Kunik, who arrived in

Israel two weeks ago and is living in Jerusalem's Gilo option centre. "She has problems with her heart, her liver and her bladder, but she is always busy — trying to answer some of many letters of encouragement (I arrive from supporters all over world)."

She also has a treacorder that she uses to tape messages to friends abroad. The rest of time is spent cooking, working as a night watchman and rying water, from a well 300 metres from her house, which must be for some time until it is pot. Nudel has a collier for protection, but is no longer threatened male criminals — with whom she is confined at the beginning of exile.

Kunik said her te of exile — in punishment for "Miganism" for hanging a sign over balcony demanding to be allowed to emigrate to Israel is due to end next March. But she has no idea

what the Soviet authorities will do to her then. "I never saw her cry," he said. "She's optimistic and very strong spiritually."

(Nudel's 50th birthday will be marked at a gathering in Tel Aviv's Diplomat Hotel this week. Aliza Begin, wife of the premier and Nudel's sister, Ilana Friedman, will be among those attending.)

Kunik, who was refused an exit visa for over two years along with his wife Esther, called Nudel at the post office in the village to inform her, finally, that he was going to Israel. "She asked me to send regards to all the Jewish people," he recalls.

Kunik said he had never thought of living anywhere besides Israel, and will soon start ulpan classes to improve his Hebrew. He hopes his age will not make it difficult to find a job and says he is ready to live "anywhere" in Israel.



In a rare moment of relaxation with friends, refusenik Ida Nudel (centre) is photographed last summer with Esther Kunik and Lev Furman. (Zalman Kunik)

Both funds continue to grow

Jerusalem Post Reporter

EVEN in the midst of a severe heat wave, Hanukka is still on the minds of many of our friends and readers, who continue to send in their contributions to the Toy Fund.

The Forsake Me Not fund, too, continues to grow, enabling *The Jerusalem Post* to help the social welfare services, city officials and police aid the elderly in their daily concerns about safety and in long-range concerns such as nutrition and health.

The past week's mail has brought another \$7,245.40 to the Forsake Me Not Fund, and another \$1,000 to the Toy Fund. Totals to date: Toy Fund, \$151,944.63, and Forsake Me Not, \$186,288.15.

Contributions to either or both funds may be sent to P.O. Box 81, Jerusalem, Israel.

\$50 Craig E. and Mary Jane Smith, N. Warren, PA.
\$25 In memory of our parents, Sophie and Isaac Koopstein — Beatrice and Irving Abrams, Bedford, MA.
\$20 In memory of Rose Liberman — Geraldine Press.
\$18 In memory of Rose Liberman of Gasher Hazy — Mrs. Sarah Cohen, Brooklyn, N.Y.
\$119 Jenni darling, to live in the hearts of those we love is not to die — Dolly and Sid Lipschitz, Jerusalem.
\$100 Ruth Levanburg, Ra'anana.
\$10 Anonymous, Miami, FL.
\$5 In memory of Rose Liberman — Barbara Birnbaum.
\$20 With all good wishes to Ada and Matt Stern on the birth of their daughter — Tova Tsuril, Tel Aviv.

\$18 (2 times) Anonymous Jerusalem.
\$10 Maria Grossman, Jerusalem.
\$200 David M. and Arlene Levin, New York, N.Y.
\$100 In loving memory of Herman Van Gelder — Paula RuitVan Gelder, Los Angeles, CA. In honor of my brother's (Hanan Geyer) promotion to Brig. General — Frank Alfus, Tenali N.J.
\$50 Craig E. and Mary Jane Smith, N. Warren, PA. Anonymous, Longmont, Colo.
Lloyd P. Gartner, Jerusalem.
\$46.40 Donald S. McGough, Norman, Okla.
\$31 Bay View United Methodist Church, Crystal Beach, Texas.
\$20 Janis McGilivray, Thayer, Ill. In honour of my mother, Lily Szonyi of Longwood, MA. and my sister Petra Szonyi of Berkeley, CA. Both of whose birthdays are in April 20th — Paula RuitVan Gelder, Los Angeles, CA.
DM40 Money received from German friends — Lotte Lorbeinstein Woolfar, Haifa.
\$18 In memory of my beloved father, Jacob Huser on his Yahrzeit 21 days Adar II — Betty Hauser, New York, N.Y. (2nd contribution).
\$10 In memory of my grandparents, Isaac and Minnie Cominsky, Louis Abend and Jean Beattie — Izzy Cominsky, Utica, N.Y. IC honour of my wonderful Dutch family in Doorweith, Holland, Carrie Starink-deWit and Jerome Starink — Bill Levine, Washington, N.J. Anonymous, Miami, FL. In honour of my nephew Steve Elbogen's birthday — Mac Herman, Millbrae, CA. In honour of Rabbi Arnold Wieder, a great and patient teacher — Marcia D. Becker, Waltham, MA.
\$50 M. Elhanani, Kfar Yitkin
\$5 Gordon and Sarah Hultman, Grand Junction, Mich. In memory of Hertha Hight — Judy Katzburg, Berkeley, CA. In memory of Rose Liberman — Barbara Birnbaum.
\$190 Ramat Gan Bridge Party (3rd contribution).

Galilee villagers in truce

Jerusalem Post Staff

A three-week truce — in preparation for a complete reconciliation — is due to go into effect between the two feuding minority communities in the Western Galilee — the residents of the Arab village of Kfar Yasif and the nearby Druse village of Julis.

(On April 13, two Kfar Yasif villagers were killed during a rampage of revenge-seekers from Julis who came to avenge the slaying of a fellow villager a few days earlier during a soccer game between the Yasif and Julis teams. During the terror rampage, 10 other Kfar Yasif residents were wounded by the attackers from Julis, who wielded hand grenades, rifles and knives. They burned more than 20 cars and wrecked 10 houses and shops before police managed to bring the riot under control.)

The truce was worked out by political and religious leaders who arrived at Kfar Yasif at the weekend to participate in the traditional *hodia* commencement of the truce period.

There is no commitment for compensation in the truce itself. The terms of the compensation must be worked out during the three months between the *hodia* and the final reconciliation, the *sulha*. Authorities hope the truce, initiated by Druse MK Jaber Muadi, will hold, so that the large police forces stationed in the two villages can be withdrawn.

Interior Minister Yosef Burg has asked leaders of Israel's Moslem, Christian and Druse communities to arbitrate the feud between Kfar Yasif and Julis.

Meanwhile, two teams of police investigators are still working on the Yasif-Julis case. So far, 20 persons have been arrested — seven from Kfar Yasif and 13 from Julis. Among the latter are a Border policeman and five soldiers.

Aridor to U.S.

Finance Minister Yoram Aridor is due to leave for the U.S. this week for talks with administration officials on economic aid for Israel. Aridor will also speak at United Jewish Appeal gatherings.

Row over film on war dead

By JOAN BORSTEN
Jerusalem Post Reporter

The film censorship board meets this week to hear representatives of Yad Lebanim, the bereaved families' organization, voice their objections to *The Culture*, a new film by Yaki Yosha which opened three weeks ago in Tel Aviv.

Some members of the organization of bereaved parents claim that they have been offended by Yosha's film, which is based on a new novel by Yoram Kaniuk.

The Culture tells the story of a Yom Kippur War veteran who goes home to his parents — or comforting parents of dead soldiers by fabricating evidence of their sons' achievements.

The film has been chosen by an international committee of moviemakers to take part in the Cannes film festival's "direction fortnight" early next month.

The Culture had its premiere in Tel Aviv on April 9 under the auspices of the municipality. Soon afterwards, the management of the Allenby cinema received several bomb threats, and recently the box office was painted black and the entrance vandalized.

Deputy Defence Minister Mordechai Zippori has asked the censorship board to hear the parents' complaint — to determine whether or not it should review its earlier decision to allow the film to be screened.

Kishon to take up Swiss residence

APPENZEL, Switzerland (AP). — Ephraim Kishon, the best-selling Israeli satirist, has obtained a residence permit in this eastern Swiss town, authorities confirmed last week.

The Hungarian-born Kishon, 57, received a one-year permit that can be renewed, Franz Breitenmoser, secretary of the state government, told the *Associated Press*.

Breitenmoser said the author planned to rent a house in Appenzel, where he intends to write his memoirs.

The Zurich newspaper *Neue Zuercher Zeitung* said Kishon avoided a direct answer to the question how long he planned to stay in Switzerland. The newspaper said

Kishon emphasized that he did not want to turn his back on Israel and that he had a moral obligation not to abandon it, especially in view of the difficulties it was facing.

Kishon was quoted as saying he chose Appenzel because he liked it best of all places in and outside Switzerland he had looked at in searching a site for writing his memoirs. "It is a place where I will be completely isolated, not only from my day-to-day worries but also from my previous environment which had already become routine," he was quoted as saying.

Kishon has written 46 books up to now with a worldwide circulation of an estimated ten million.

Plan presented for low-priced flats

Jerusalem Post Reporter

Building contractors have submitted a plan to build some 39,000 flats at significantly lower prices, mainly in Jerusalem and along the coastal plain.

The contractors claim that preparing the construction sites themselves, rather than relying on the Israel Lands Administration as in the past, will bring savings of up to 40 per cent in the cost of land.

The proposal, submitted to the Lands Administration last week, calls for the construction of 12,000 flats in the new neighbourhood planned in north Jerusalem between French Hill and Neve Ya'acov, said Zvi Freedman, of the Association of Builders and Contractors.

The other locations mentioned in the proposal are Rishon LeZion, Ashdod, Beersheba, Ramat Gan and the Afeke and Halamed areas of Tel Aviv.

25,000 pupils have IQs of over 130

Some 25,000 Israeli pupils, including about 5,000 Arabs, between the ages of 6 and 17 are exceptionally gifted, Dan Bitan, head of the Education Ministry's unit dealing with such children, reported recently.

These children have IQs of over 130 and some 65 per cent of them are boys.

THE POLITICAL WEEK

Likud 'no' to Tamir

By SARAH HONIG
Post Political Reporter

TEL AVIV. — Likud leaders last week voted to keep former justice minister Shmuel Tamir out of their party both as head of a separate faction and as an individual, thus ending six months of behind-the-scenes deliberations.

Tamir, who once belonged to Herut (now the main group in the Likud), is generally disliked in that party now for having in the past tried to oust Begin and take over as leader.

When he left Herut to form his Free Centre Party, Tamir competed with Herut for votes, his political foes point out.

Later — after publicly abandoning Herut's traditional maximalist-nationalist "Greater Israel" ideology — Tamir joined Yigael Yadin's Democratic Movement for Change Party and stayed on in the surviving section of that party, the now defunct Democratic Movement. While in the DMC, and later in the DM, Tamir championed the cause of territorial compromise in the West Bank, his foes say.

Tamir said last week that the Likud had originally suggested that he re-join its ranks, but that he had discerned a change of mind after the Likud's convincing performance in the recent Histadrut

Labour federation elections. He will not join another list and will soon decide whether to run independently or to retire temporarily from politics.

Likud ministers and constituent faction heads met to deliberate the Tamir question. Prime Minister Menachem Begin stressed that he had "got over past differences with Tamir and had concluded that these are best left where they belong — in the past. Tamir has extended his hand to us and it is unthinkable that we should turn away the offer of partnership and cooperation."

But Begin did not convince any of his fellow Herut representatives. They all voted against Tamir, save for a solitary vote by proxy sent from South Africa by Agriculture Minister Ariel Sharon.

Likud sources concluded that Begin was not unhappy with Tamir's rejection and that he did not try very hard to avert it. The sources said that had Begin wanted to, he could have easily asserted his leadership and have Tamir accepted back in the fold.

But Likud insiders say that while Herut opposition was expected, it was the Liberals who had swung the vote. Only Deputy Prime Minister Simha Ehrlich and Liberal Knesset faction chairman Menachem Savidov had supported Tamir throughout.

Likud sources said later that two fears contributed to the decision to turn Tamir away: the main contenders in the Herut battle for succession, Shamir, Aridor and Housing Minister David Levy, all feared competition from Tamir. But a deeper fear was that Tamir, who is now mostly based in Tel Aviv, on Judea and Samaria, might team up with the Liberals in future, and split the Likud, taking away Knesset seats won mostly by votes from Herut supporters.



Shmuel Tamir (Yisraeli)

Hebron harassment denied

By DAVID RICHARDSON
Jerusalem Post Reporter

Reported friction between Jews and Arabs in the West Bank, especially in Hebron, is to be discussed at a special Knesset session this week requested by the Alignment and the small Shai faction. (The Knesset is now on spring recess.)

Last week, the Hebron military governor, Lieut.-Col. Freddy Zach, called in acting mayor Mustapha Natshe, the headmistress of the Kurtuba girls' school and a local merchant to hear their complaints about alleged harassment by settlers in Hebron and the nearby Jewish suburb of Kiryat Arba.

Also last week, Deputy Defence Minister Mordechai Zippori, acting on Premier Menachem Begin's instructions, met with the settlers to discuss the recent rash of complaints.

However, the settlers have

reacted angrily against the allegations that they have been provoking and pestering the local Arabs. In a statement released last week, they called for a thorough investigation of every complaint and demanded that the findings be made public. "If the allegations are proved to be lies the spreaders of this libel should be brought to trial," said Meir Emdor, a resident of Kiryat Arba.

Military government sources said last week it was difficult to investigate the Arabs' complaints since "they were always generalizations" and many appeared to prefer to complain to the press rather than to the police or to the military authorities. "Whatever the case, the investigation will not be a whitewash," said one senior official.

A senior military government source said at the weekend that the nearly-completed inquiry indicated that the Arab complaints were grossly exaggerated.

Rafi executive votes to join Dayan's party

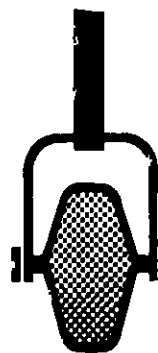
By SARAH HONIG
Post Political Reporter

TEL AVIV. — The Rafi executive decided last week to join Moshe Dayan's new party, Telem. This was described as a "final decision" after weeks of wavering over the platform and the make-up of the Telem slate of Knesset candidates.

The first two Rafi members on the Telem list will be former finance

minister Yigael Hurvitz and MK Zalman Shoval. There is considerable opposition to Shoval, but Rafi is not likely to challenge Dayan, who backs him.

However, not all Rafi agree to partnership with Dayan. MK Yitzhak Peretz wants to run on a separate Rafi ticket, and will convene his supporters in a week to see if this is a realistic option. Others want to rejoin the Likud.



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OPINION

THERE ARE two images of the Middle East in history — the monolithic and the tapestry. The monolithic vision portrays the region as the inheritance of Islam and Arab nationalism alone. In such a pattern of uniformity, everything that is non-Arab or non-Muslim or both — appears alien, disruptive, external or, at best, marginal and subsidiary.

Minority nationalisms may sometimes be seen but seldom heard. What they must not do is to assert their national identity.

The consequence for Arab nationalism is the suppression of Kurdish nationalism, the refusal to acknowledge the Jewish dimension in Middle Eastern history and the erosion of the idea of Lebanon as the representative of the Christian legacy. All these, in their different ways, are regarded as violations of the region's Arab-Muslim continuity.

There are undercurrents of the monolithic vision even in the iridism practised by Iraq against Iran. It is no accident that for Arab nationalism the Persian Gulf has become the "Arab Gulf," while most of the world has taken a compromise position on the term "the Gulf."

The other vision regards the Middle East not as a monolith of a single colour, but as a tapestry of many colours, of which the central thread was woven by Jewish experience millennia ago.

In this conception, the keynote is not homogeneity, but a rich diversity. The history and destiny of the Middle East are not exhausted by Islam and Arab nationalism alone. The older civilizations of Judaism and Christianity cannot be denied their place either in the region's

A lesson from Lebanon

Knesset Member Abba Eban discusses Israel's "interests and duties" in relation to the conflict in Lebanon. He also suggests that the Lebanese tragedy points a lesson to Jews who "dream of a permanent coercive jurisdiction" over the West Bank and the Gaza Strip.

historic recollect or in its modern political structure. A Jewish state of Israel and a Christian society in Lebanon are just as organic a part of the Middle East as are Islam and Arab nationalism, whose preponderant physical share of the region is not in dispute.

Indeed, the veridicality of Arab nationalism in territorial space and multiplicity of sovereignties under the rectitude of more moral claims to national identity are unequivocal.

THESE CONSIDERATIONS explain the depth of Israel's understanding for Lebanese independence. The decision of Lebanon to join the Arab League was always anomalous and appears in retrospect to have been little more than a tragic history. History might have been different if those who have an interest in the principle of diversity had made common cause.

Thus Israel's interest in sustaining the strength and spirit of Lebanese nationalism has a deeper background than immediate self-interest. But immediate self-interest is nothing to be ashamed of, and it is urgent that Israel's interests should be defined with some precision.

In northern Israel. This implies a right and duty to wage combat against the PLO and others who would make northern Israel uninhabitable. A natural development of this legitimate interest is our duty to support the Haddad enclave, which responds to the idea of Christian survival and Lebanese independence.

Beyond the specific concern for the problems of Southern Lebanon, there is an Israeli impulse to help the Lebanese Christians defend themselves against mass annihilation. Every voice that speaks to us from our Jewish conscience and experience compels us to take this course. This ought to be a universal human duty, but if Israel has to blaze a lonely trail for a time, there is nothing unusual in that. There is a stronger echo to the Christian plight than before; a situation in which all the members of the Foreign Relations Committee of the U.S. Senate and many groups in Europe and Latin America publish protests against the brutal Syrian bombardments would not have been expected a few years ago.

Israel CAN do its best; it cannot guarantee success. Still less can it undertake to determine the structure of Lebanese society. In this respect, the Lebanese tragedy is a lesson to Jews who "dream of a permanent coercive jurisdiction" over the West Bank and the Gaza Strip.

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politicians about an "unlimited commitment" and a duty to ensure "Christian supremacy" are gratuitous and misleading. If the objective conditions for Christian supremacy do not exist inside Lebanon, they cannot be contrived from outside.

The objective conditions are demographic strength, unity of action, national solidarity and a willingness for responsibility and sacrifice. It is not clear that these conditions exist in sufficient strength to ensure "supremacy." Whether they exist in sufficient strength to ensure the more modest objective of survival remains to be seen and tested.

Israel has a power of influence; it does not have a power of determination. It is not Israel's duty or interest to engage itself in a full-scale war with Syria — certainly not without a consensus going beyond the framework of the government and the coalition. Our viable objective should be to ensure that the Christians are strong enough to be partners in an honourable political negotiation.

One thing that we have no right to do is to emulate the Lebanese experience by reproducing it in Israel. There is a strange reticence in Israel about the lessons of the Lebanese tragedy. For many generations,

Lebanon was the name of a compact mountain community with a compact Christian-Druse majority amounting to 90 per cent of the population. The French colonial regime, for its own reasons, established *Le Grand Liban* by adding new territories with a dense Moslem population.

From that point onward, in the 1920s, Greater Lebanon became the source and scene of Christian decline. The Christians existed nervously, poised on an impossibly fragile balance. Its Christian character was no longer assured. Constitutional safeguards could not compensate for growing demographic weakness. Lebanon was larger in geographical terms, but it had lost its vocation, its particularity and its very soul.

WHAT MUST an honest historian say? Will he say that the expansion of territory "strengthened" Lebanon — or that the addition of non-Lebanese populations brought about the slow death of its identity and cohesion?

There is, of course, a geographical element in the security of states. But what makes for the ultimate security of a society is its human texture, the power of its internal solidarities — the intensity of the bonds that hold its citizens together in a mutual rhythm of experience.

The idea that a state can maintain its stability if the communities that compose it do not hold the ends of life in common is drastically refuted by the Lebanese experience.

Israelis who dream of a permanent coercive jurisdiction over the million and a quarter Arabs in the West Bank and Gaza have not begun to probe the deepest implications of Lebanon's tragedy.

Israel farm expert meets with Sadat

By YITZHAK OKED
Jerusalem Post Reporter

TEL AVIV. — Prof. Shmuel Pohoryles, director of the Agriculture Ministry's Agricultural Planning and Development Centre, met in Cairo last week with Egyptian President Anwar Sadat.

Sadat requested the meeting to learn about agricultural cooperation between Israel and Egypt. Pohoryles had earlier visited Egypt at the head of a delegation of Agriculture Ministry officials. At the end of the visit agreements on agricultural projects to be carried out in Egypt were signed.

The major project agreed on was the establishment of an experimental farm about 100 kilometres north of Cairo. The farm, which will serve 25 villages, will be financed by the U.S. government.

Pohoryles, who had returned to Israel with the delegation, was urgently called back to Cairo last week to meet with Sadat and discuss farming questions.

Other areas of cooperation between the two countries will be in plant protection, veterinary problems, agriculture in arid zones and the sale of agricultural equipment in Egypt. Another agreement reached concerned the exchange of technological knowledge and an increase in visits by scientists.

PRESS ADVISER. — Prime Minister Menachem Begin has decided to appoint Yedid Aharoni columnist Uri Porat as his press adviser, effective May 1. He will replace Dun Puttli, who resigned recently to pursue studies in the U.S.



U.S. Ambassador Samuel Lewis misfingers an alto saxophone while clowning with jazz artist Lalo Schiffrin during an impromptu jam session at the ambassador's Herzliya Pituah residence last week. Schiffrin is giving a series of concerts with the Israel Philharmonic. (Matty Stern)

Yuval Ne'eman to top Tehiya list

Prof. Yuval Ne'eman will head Tehiya's 16-candidate list to the Knesset and MK Moshe Shamir will close it, the ultra-nationalist party has announced.

MK Goula Cohen will come second, with settlers in the administered territories filling many of the other slots. The settlers include Hanan Porat of Kfar Etzion (3rd place). Former Soviet refusenik Sylvia Zalmanson is eleventh. Cohen said at a meeting at the

Kedumim settlement that Tehiya hoped to tip the scales between a Likud-led and an Alignment-led government; it could then pressure the Likud to stop the withdrawal from Sinai.

Cohen said the party will start a fund to help Arabs emigrate — if they do not want to become Israeli citizens or residents. She added that only those who complete three years national service should have a right to vote in Knesset elections.

Ten on the Labour list

By SARAH HONIG
Post Political Reporter

TEL AVIV. — Ten Labour MKs last week passed an acid test when they mustered the support of at least 60 per cent of their party's Central Committee.

This test was required of them because they had already served two full terms and were seeking a place on the party's list for the Tenth Knesset.

Labour's leading hawks, Shoshana Arbelli-Almosino and Shlomo Hillel did best, each garnering 82 per cent of the votes cast. Labour's shadow foreign minister Abba Eban and Micha Harish came in last. Eban is Peres' choice for No. 2 on Labour's Knesset list.

Of the 1,150 Central Committee members, 987 voted and 74 ballots were disqualified. Arbelli-Almosino won 757 votes, with Hillel a close second with 749. They were followed by party chairman Shimon Peres' rival Yitzhak Rabin who amassed 708 votes, or 77 per cent of the total. Rabin supporter Ora Namir was fourth in popularity with 691 votes, or 75 per cent of the total.

Fifth was Peres' nominee for the Industry Trade and Tourism Ministry, Gad Ya'acobi, with 684 votes (74 per cent), followed by Moshe Shahal who won 668 votes (73 per cent). In seventh place was Adi Amori with 653 votes (71 per cent) closely trailed by Yossi Sarid with 652 votes.

Sarid was the most problematic among the MKs because of his ultra-dovish views.

Foreign Minister-designate Abba Eban won 70 per cent of the votes



Chaike Grossman... Mapam's choice for a cabinet post.

(642 ballots) and Micha Harish barely managed to scrape through with 554.

The party's Political Bureau convened immediately after the ballot and chose a five-member nominating committee to decide on half the names on the Knesset list. The other half of the list will be chosen by the party branches.

Also last week, the Mapam central committee chose Knesset Member Chaike Grossman and Eliezer Ronnen as its candidates for ministerial posts should the Alignment (of Labour and Mapam) form the next government.

Ronnen was born in Mexico, served as an MK in the eighth Knesset and is an economist. He has been a Jerusalem city councillor and head of the municipality government housing company, Karta.



Olim from English-speaking countries have made their mark on Israel society by founding new rural settlements, of which there are five main types: agricultural *moshav ovdim* (workers' village); agricultural *moshav shitufi* (collective village); industrial village; community settlement; and *kibbutz*. This article will discuss the first four lesser known types of settlements.

AGRICULTURAL MOSHAV OVDIM

In the agricultural *moshav ovdim* land is owned by the Jewish National Fund and leased to the members. Each farmer is allocated an equivalent plot of land and means of production (e.g. water). The purchasing of agricultural supplies as well as the marketing of produce are carried out collectively. Several houses are set aside for members who are not farmers, but who provide essential services. The new farmer receives agricultural instruction from the Ministry of Agriculture. Most *moshavim* aim at relying on self-labor only, which means serious, full-time work on the part of the husband and often of the wife. After several years of hard work, the farmer can anticipate a degree of economic independence. The *moshav* is run by elected officers, and all important decisions are made by a general assembly.

AGRICULTURAL MOSHAV SHITUF

Agricultural *moshav shitufi* may also include light industry as an economic base. As in the *kibbutz*, all income, economic resources (e.g. land capital, and instruments of production), and housing are owned by the *moshav*. However, there are several major differences between the two, basically in the realm of family autonomy. In the *moshav shitufi* there is no communal dining hall and the children always live with their parents. Furniture, clothing and personal items (sometimes even cars) are the personal property of the members. Members receive a monthly allowance according to family size with which to purchase the family's needs. Health care and education are provided by the *moshav*. Sometimes women work on a part-time basis.

INDUSTRIAL VILLAGE

The industrial village is a relatively recent development which came into being for two main reasons: (1) inaccessibility of water supplies and lack of agricultural land in areas earmarked for settlement; (2) the desire of olim to join a *moshav* where they could utilize their professional skills. These settlements generally aim at setting up industries based on science and advanced technologies. The industrial village may be organized like a *moshav ovdim* or like a *moshav shitufi*. Some are attempting to blend features of the two, with enterprises set up as partnerships between settlement and settler.

COMMUNITY SETTLEMENT

The community settlement was initially set up by people motivated by idealism who wished to live in a rural environment, especially in Judea, Samaria, or the Gali. This type of settlement aims at achieving social cooperation in a close-knit community, while at the same time enabling its members to enjoy complete economic freedom. Temporary housing is often provided until the member builds his own home.

THE SETTLEMENT DEPARTMENT

The planning and establishment of new settlements is the responsibility of the Settlement Department of the Jewish Agency, and/or the World Zionist Organization. Mr. Eliezer Givon, Director of the Absorption Division of the Settlement Department, will be visiting the United States in May 1981 to interview potential candidates for rural settlements. His stops will include New York City, Toronto, Chicago, San Francisco, Los Angeles and Washington, D.C. Those interested in meeting with him

JOINING A NEW SETTLEMENT

should contact the nearest ISRAEL ALIYAH CENTER for further details. Mr. Givon may also be contacted in Israel at the Settlement Dept., Jewish Agency, 12 Kaplan St., Tel Aviv, Israel; Telephone (03) 268311. The following sections describe the new settlements which are recruiting new candidates within the next six months.

AGRICULTURAL MOSHAV OVDIM

* **Eden** — Located in the *Arava*, 20 kilometers south of the Dead Sea. Eden is composed mainly of American and Canadian olim. Presently populated by 20 families, it is planned to reach 100 families over the next few years.

Eden utilizes the year-round warmth of the *Arava* to grow export winter crops, including vegetables, flowers and dates. Eventually each family farm will include 20 dunam (5 acres). The *moshav's* layout is based on a total separation of the farm area from the living quarters. The *moshav's* residential area does not allow vehicular traffic.

Because the *moshav's* 74 square meter homes are larger than the standard provided in *moshavim*, each candidate family is required to invest \$4,500 to cover the enlargement of the house and a share in the *moshav*.

The *moshav* is presently recruiting families from English-speaking countries, with adult members 25-35 years old and children up to 7 years old.

* **Talmi Yosef** — Thirty families of South African and United States olim will be moving to Talmi Yosef, a new site in the recently developed *Negev* region, 60 kilometers west of Beersheba.

The *moshav's* economy is based on intensive agriculture, specifically greenhouses for tomatoes, cucumbers, and flowers as export crops, and on open-field crops. In addition, subtropical fruit trees will be planted and farmed cooperatively.

Houses are 104 square meters, and families are required to invest \$10,000 to cover the additional meterage and a share in the *moshav*.

Talmi Yosef is currently seeking families in which the adult members are 25-35 years old and the children up to 14 years old.

AGRICULTURAL MOSHAV SHITUF

* **Katif** — This religious settlement of modern orthodox American olim is located in the Gaza area near the Mediterranean coast.

The *moshav's* economy is based on agriculture, tourism, and light industry. The agricultural sector includes greenhouses, tomatoes and flowers for export. *Katif* is currently setting up light industry and is therefore interested in new members with experience as mechanics and metalworkers.

The *moshav* is recruiting English-speaking, religious families receiving the larger homes are required to invest \$1,000.

The *moshav* is recruiting English-speaking, religious families with adult members between the ages of 25 and 35 and children to 8 years old.

* **Me'or Modi'im** — Located 10 kilometers east of Lod, *Me'or Modi'im* was established in 1975 by a group of religious American olim who are followers of Rabbi Shlomo Carlebach. Its 30 families produce health and organic foods in a special religious and social atmosphere. They run a summer camp program for youth from the diaspora. The *moshav* also has a band that plays at various functions.

INDUSTRIAL VILLAGES

* **Manot** — An industrial *moshav ovdim* was established by 35 South African families in the *Segev* region of the Gali. The main industries, a gemstone factory and a color photograph processing laboratory, are fully owned by the cooperative, while the smaller enterprises are partnerships between the individual member and the cooperative. Ten new houses are in the final stages of construction. Manot is interested in English-speaking candidates, preferably from South Africa, who have technical backgrounds suitable for the existing enterprises or for construction, or with a background in finance and a desire to establish their own enterprises. The entrance fee is about \$20,000, which

covers one's share in the cooperative as well as a 30 meter extension to the house.

* **Shechania** — This industrial *moshav ovdim* is located in the *gev* region of the Gali. It was established by olim from English-speaking countries.

The *moshav's* industries include a gemstone factory which produces synthetic diamonds and also processes Eilat stones. For members work in the *moshav's* vehicle repair garage, in services, or in outside jobs.

The *moshav* is recruiting families that will be able to work on it. *Moshav* members are accepting families from English-speaking countries, whose adult members are 25-40 years old and whose children, infancy to 13 years old.

* **Shorashim** — Israel's newest industrial *moshav shitufi* has been established in the *Segev* region of the Gali by a North American group, called *Sol Ma'arav*. The group moved into its temporary quarters at *Moshav Shechania* in September 1980. Its innovative plans for their permanent site are well under way.

The *moshav's* economy will be based on high-technology export industries, such as medical instruments and electronics, as well as a number of small cottage industries and a translation and editing service. Intensive agriculture is also planned.

The members of *Shorashim* are committed to building a progressive yet traditional Jewish community. *Shabbat* and *Kashrut* are observed at all public functions, while members are free to choose their own degree of private practice.

Shorashim is recruiting families with adult members between the ages of 25 and 35 years old, and children up to 14 years old. This industrial *moshav shitufi*, located in *Gush Etzion* 17 kilometers south of Jerusalem, was established by a group of religious American olim in 1975.

The *moshav's* industries include data processing, an analytical chemistry laboratory, design and production of needlepoint canvases, and a tourist industry based on a guest center, gift shop, and restaurant. The *moshav* has recently begun an agricultural sector, including fruit trees and poultry.

Some of the *moshav's* homes are 92 square meters. Families with three or more children may receive these larger homes, but are required to invest \$4,200 for the extension. All members must pay an entrance fee of about \$200.

The average age of the members is 32 years old. *Etzion* is recruiting families with adults 25 to 35 years old and children from infancy to 13 years old.

* **Kfar Matityahu** — Located in the *Modi'in* area east of Lod, this religious *moshav shitufi* will be populated this summer by families of the strictly orthodox *Marom Zion* group. The 20 families of the group are currently undergoing training at *Moshav Mevo Choron*.

The *moshav's* economy will be based on both industry and agriculture. The industrial sector includes a factory producing microscopes and airplane parts, and options for electronics and computers are also open. The agriculture sector will consist of hothouses, poultry, vineyards and orchards.

An investment of \$2,370 is required of each candidate family as an investment on the larger than standard size houses. The *moshav* is recruiting families with adults between the ages of 25-35 years and children from infancy to 12 years old.

COMMUNITY SETTLEMENT

* **Tekoa** — Located 25 kilometers southeast of Jerusalem on the border of the Judean Hills and the Judean desert. *Tekoa's* 30 families include olim from the Soviet Union, the United States, and France as well as veteran Israelis. Religious and nonreligious settlers live side by side in an atmosphere of mutual respect.

Community enterprises include a metal workshop, youth hostel and buffet, laundry, photography laboratory and flower cultivation. Community services include a synagogue, a mikveh, a club, a health clinic, educational facilities and a supermarket. *Tekoa* is accepting new candidates, who may build their own homes on a private plot while living in temporary housing. The children range from infants to 14 years old.

The above settlements are examples of those seeking new members. There are others which were not included due to lack of space. Information about these other settlements will appear in a future article. For further information contact the Israel Aliyah Center nearest you.

COMMENTARY

THE RESOLUTIONS passed at the recent Palestine National Council meeting in Damascus has persuaded observers in Israel that the PLO is becoming increasingly radical.

Out of the revolutionary rhetoric little emerged that was new, except for some unexpectedly sharp jabs at Jordan's King Hussein and a call for the "military mobilization" of all Palestinians.

In the view of these observers, the willingness of George Habash's Popular Front for the Liberation of Palestine to rejoin the central committee, and the strident criticism of PLO leader Yasser Arafat's roving ambassador of moderation, Issam Sartawi, indicate that Arafat has proved to the organization that he is able to extract political concessions from the West without conceding anything on Israel.

Habash resigned from the central committee in 1974, to form the "Rejectionist Front," when Arafat adopted the "diplomatic alternative." Arafat argued that diplomacy rather than mass or armed struggle would eventually lead to concessions to Israel.

Arafat has been proved right, in that Europe at least has moved a long way towards recognizing the PLO, which remains entrenched in its dogmatic opposition to Israel's right to exist.

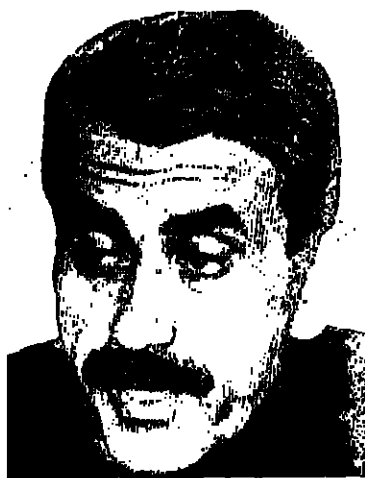
One prominent Middle East expert described the council's rejection of the European initiative as "a slap in the face which they deserve for their stupidity in not recognizing the 'absolutism' of the PLO." The council nevertheless confirmed Arafat's mandate to continue his contacts with European leaders.

Early in the proceedings, radical members refused to allow Sartawi to reply to criticism of his contacts with left-wing Israelis. Sartawi offered his resignation which was turned down by Arafat.

Observers here all took the Sartawi affair as indicative of his importance to Arafat in helping him to present a reasonable face to his European and left-wing Israeli contacts. "But it is nonsense to think that Sartawi represents any significant opinion within the PLO or within Fatah," said one of them.

The PLO's two faces

The *Post* DAVID RICHARDSON analyses the significance of the recent Palestine National Council congress in Damascus.



George Habash...back in the fold

THE PLO has duly recorded some successes in international arena. But on the internal level it finds itself militarily weakened and unable to maneuver between the various Arab states as it did in the past. The 15th congress was held in Damascus not because that was where the delegates and their leaders felt safest, but because the PLO is today almost totally dependent on the support of the Syrians.

In the debates there was bitter criticism of Jordan's refusal to allow military operations against Israel from its territory awaiting the Hussein would eventually join the American-sponsored peace process.

Nevertheless, Arafat was able to convince the delegates that Jordan remained the only large providing contact with the territories now under Israeli administration and managed to get approval for continued participation in the joint Jordan-PLO committee which administers funds channelled to the West Bank and Gaza.

The mutual suspicion between the PLO and Hussein is exacerbated by the PLO's dependence on Syria.

FOR SEVERAL years, the territories have been gaining in importance as standard bearers of the Palestinian struggle and many of the PLO leaders talk of "the centrality of the internal front."

This was confirmed during the congress, at least cosmetically, by the inclusion of a number of representatives from the West Bank and Gaza in the 314-member council from 102 to 184. Few of these delegates can be expected to attend congress, and even if they do their status will be that of observers without voting rights. A number of West Bank Palestinians complained in private conversations last week that the territories should have more say in the process of Palestinian decision-making.

But the PLO leaders in Beirut and Damascus are clearly wary of granting local Palestinians more power than they have for fear of what they refer to as *qiyada badilla*, or substitute leadership. This was obvious almost a year ago, in the initial opposition to the outspokenness of the National Guidance Committee. Observers here recall that even Bassam Shak'a, mayor of Nablus and the unofficial chairman of the committee, was summoned to Amman and told by one of Arafat's deputies, to curb his activities.

Arafat's call for Palestinian unity reflects the tenuous character of the unity of four million Palestinians today, although it is stronger than anything that existed before.

MOST ISRAELI observers feel that Arafat emerged strengthened from the congress. Even though Habash was readmitted, two of the smaller and even more extreme organizations were not (the Palestinian Liberation Front headed by "Abu Abbas" and backed by Libya and Iraq, and the Popular Struggle Front headed by Dr Samir Ghouthi which is pro-Iraqi).

Fatah was able to increase its representation to three (Arafat, Farouk Kaddumi and Mahmoud Abbas) and together with the six independent members who almost consistently support Fatah, Arafat has control of the 15-man central committee. "It is no longer Fatah and the Rejectionist Front but Fatah and a few others," was one comment this week.

DESPITE the dominance of Fatah, most observers agree that the PLO is likely to become more radical. This is due partly to the return of Habash and partly to the fact that European near-recognition of the PLO has been achieved without any need for a demonstration of real moderation.

The anti-PLO statements emerging from the new U.S. administration, while music to Israeli ears, are on their own no encouragement to the organization to come to reconsider its radical ideology — even if it wished to.

One of the most interesting resolutions was the call for general Palestinian mobilization. The call is not new and it is fraught with practical difficulties, since it is dependent on the goodwill of so many host countries.

Ahmed Shoukry the founder and first leader of the PLO, issued a similar call at the end of the second Palestinian National Congress in 1965. Since then, little has happened apart from the formation of a few regiments of the Palestine Liberation Army, which is under Syrian command.

The call for a draft indicates the need for a proper welding of the various armed forces. This has been taking place to some extent over the past two years, particularly among the Fatah and in Southern Lebanon. Like Che Guevara, Arafat realizes that guerrilla-type forces cannot survive if kept idle.

The Damascus congress also adopted a resolution calling for a joint command to coordinate training, supplies and ancillary services.

There is also the anticipation among Palestinians and within the PLO that some solution to their problem is in the offing and that the time has therefore come to set about building the organs of the Palestinian state. High on the list is a regular army.

But for all that, Arafat's cry in a speech to the council that "Our revolution was born not merely to survive but to become victorious" comes after 17 years of intense terrorist activity with little or nothing to show but a great number of Palestinian casualties. The 1973 war proved that the struggle in the Middle East is between conventional armies. Terrorism and incursions make little significant impact.

WHAT DOES all this mean for Israel? In the pre-election period, none of the major parties in the running to form the next government can be expected to talk at all seriously about what to do about the PLO.

The Likud has adopted a policy of hitting at the terrorists whenever and wherever possible; but in its four years in government in control of the country's substantial military and intelligence resources it has done nothing to liquidate the PLO leadership.

Labour, in its talk of a Jordanian option seems to hope that if Hussein can be coaxed into the peace process he will take care of the PLO. The price Israel might be expected to pay for such a service is sure to be very high, and it is not at all clear how the wily monarch would act against an organization largely based in Lebanon.

It is a mistake to think that the current military weakness and regional isolation of the PLO is Israel's indefinite benefit. Europe is rapidly moving towards recognizing the organization regardless of its dogmatism, and a European move could ultimately influence the Americans.

The lack of any serious Israeli initiative on the Palestinian question only makes that process easier.

It was there that Peres informed Jerusalem branch chief Uri Baran that he'd support Yehoshua Eliahu Speller for the party secretary-generalship. And it was there, last week, that Yossi Sarid told Peres that he would no longer be responsible for publicity.

Lunching with Peres and Sarid then were Harel and Ellner Zorabin, of Dahaf. For an advertising and public relations man, Zorabin is surprisingly wary of the press. When I called him this week, he told me: "I never, never talk to newsmen."

former El Al chief in the UK. The most visible sign of the Tamman interests in Israel will soon be the Daniel Towers No.2 apartment hotel, alongside the existing hotel on the Herzliya seaford.

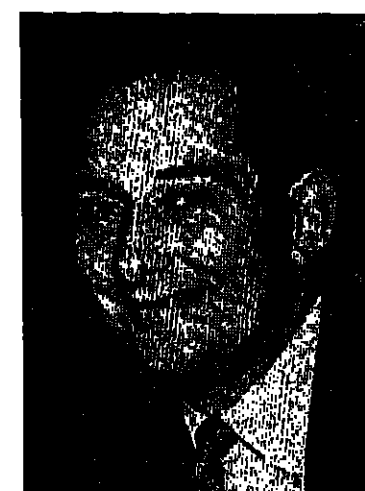
ONE OF THE PATRONS of Israel's left is Karl Kahana of Vienna, a close associate of Chancellor Bruno Kreisky. It has been reported that Kahana recently liquidated his investments in Israel, primarily in the Moleit paper firm, in order to avoid problems with Arab business.

ANYONE DOING a thesis on "The influence of cafes on Israeli political life" had better drop in at Pundag, the high-priced fish restaurant at the lower end of Tel Aviv's Rehov Frishman. The place, now a favourite luncheon spot for Peres and other Labour leaders (mainly because it's around the corner from party HQ on Rehov Hayarkon), has been the scene of three crucial Peres moves in the past three months.

It was in Pundag that Ya'acov Levinson finally turned down the Peres offer of shadow finance

PUBLIC FACES

Mark Segal



Cyril Stein

GAON IS STAYING in Geneva, but his brother-in-law, Leon Tamman, is coming on aliya from Brighton. Tamman's interests here are headed by Hyam Sanderson,

millionaire came to the rescue of Herut's Tel Hai fund (with Nathan Silver of Canada) in the mid-Seventies. Gaon's relationship with Labour's Shimon Peres has warmed considerably recently, with local Sephardi Federation head Aharon Uzan, a former agriculture minister, as the middleman.

But there has also been talk that Uzan and Gaon have been toying with the idea of an independent Sephardi list including Religious Affairs Minister Aharon Abuhazzeira.

Much depends, of course, on the outcome of the Abuhazzeira trial. Watching with the greatest interest, as expected, is the National Religious Party, now contending with internal conflicts.

THE NRP's election machinery is certainly not well-oiled, with chief campaign organizer Yehuda Ben-Meir on holiday.

Ben-Meir's erstwhile closest ally, Education Minister Zevulun Hammer, has been busy forging a new alliance with MK Rabbi Haim Druckman, who has close ties with Gush Emunim.

IS WAS Eartha Kitt who used to sing, "I'd like an old-fashioned millionaire." And many of our local politicians seem to have been humming that tune of late, each to his own favourite tycoon.

One of the ultra-rich is Shaul Eisenberg, who has long-standing contacts on both sides of the political fence. One of the key men in Eisenberg's Piryon Investments, 33-year-old Michael (Micky) Albin, has been moving up quickly in the Liberal Party.

Albin's ties are with the Liberal faction led by Industry, Trade and Tourism Minister Gideon Patt and Likud Knesset faction chairman Avraham Sharir. The Eisenberg associate has even been brought into the Liberal party executive by Sharir. Not so incidentally, Sharir has a very comfortable office in Eisenberg's Asia House at his disposal.

Another Likud personality with an Albin connection is Michael Reiss, the Herut party organization chief, who has been named to the board of directors of a local Eisenberg subsidiary, Ata Textiles.

THE FAMOUS friendship of Nechama Gaon with Prime Minister Menachem Begin has cooled since the days when the Geneva-based

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A Journal of Zionist Commentary

APRIL 1981

Thatcher's dilemma

By Jewish Observer
Diplomatic Correspondent

ALEXANDER HAIG, the American secretary of state, has been to the Middle East and gone. His visit, which was aimed at finding a "strategic consensus" in the traditionally pro-Western Arab states, was not exactly crowned with success. It seems that everywhere he went and with everyone of any consequence to whom he talked, the sore question of the Arab-Israeli dispute came up to overshadow what was Haig's chief concern, namely the Soviet threat to the Gulf.

At the time of writing this report, Margaret Thatcher is on her own Middle East tour, concentrating on the Gulf, and judiciously giving Israel and her immediate neighbours a wide berth. It will be remembered that when she and Lord Carrington visited Washington in February, the prime minister backed the Reagan Administration foreign policies — including the Middle East — with unstinted enthusiasm.

On April 6, she gave a press conference for Arab journalists. Her message still echoed her statements in Washington but, as echoes go, at a somewhat lower key.

Asked whether she shared the American view that the Soviet threat to the Gulf had precedence over the Arab-Israeli dispute, Mrs. Thatcher gave an evasive answer: "I do not know if there is any point in trying to say one is more important than the other. Both are problems, and we have to deal with all problems... We have been seeking to solve it (the Arab-Israeli dispute) for some time. We shall continue to seek to solve it."

She defended the Camp David Agreement as an arrangement which did not retrieve territory for Egypt and said: "The problem now is how best to continue that process." Pressed on the question of the EEC initiative in relation to the American approach, Mrs. Thatcher replied: "I do not think we see them

separately in any way and I think it would be wrong if they were. They would be less likely to succeed if the initiatives were wholly isolated from one another... I think we all recognize that you will not get a solution to the Arab-Israeli problem without the United States. You just will not."

Mrs. Thatcher also avoided saying anything which could sound committed with regard to the future of the Palestinians: "We then go into certain usages of vocabulary. It used to be a political entity, a homeland for the Palestinian people, self-determination, recognizing the right of Israel to exist behind secure borders. What are secure borders and boundaries? Recognizing the legitimate aspirations of the Palestinian people? ...All these things have to be sorted out. They can only be done with very very much wider consultation..."

But surprisingly, Mrs. Thatcher denied that her government talked to the PLO. Asked about this, she said: "No, we do not officially talk at ministerial level...well, you have no ministers in the PLO...we have had no ministers talking to the PLO...We have not in fact talked to the PLO and I think the reason of this is that we must be honest about our contacts with terrorism."

It will be remembered that last December Sir John Graham, deputy under-secretary at the Foreign Office, met with Arafat. But that, of course, was not at "ministerial level." Nevertheless, Mrs. Thatcher hinted that once Lord Carrington became President of the European Council of Ministers in July, he might well meet with Arafat in that capacity.

Meanwhile, Haig has returned from the Middle East somewhat disappointed, and in his meeting with Lord Carrington in London one can safely guess that Carrington said "I told you so." If America now modifies her view to come in line with EEC thinking, all is well for Mrs. Thatcher. If not, she faces a serious dilemma about which way to turn.



At a service and ceremony which took place at the St. John's Wood Synagogue, Friends of Magen David Adom presented two ambulances, one in honour of Eliezer Shostak, Israel's Minister of Health, who was the guest of honour at the ceremony, and another in honour of Professor Arthel Harrell, President of Magen David Adom in Israel. Over 200 guests were present. The service was conducted by the Chief Rabbi, Dr. Jacobowitz. David Ross, national chairman of the British Friends, was Master of Ceremonies. From left, A. Gainsford, Hon. Treasurer, Ehud Lador, Israel Council-General, Eliezer Shostak, the Chief Rabbi, Prof. Harrell and Dr. R.A. Hyman, vice-chairman of the British Friends.

ZF protest to Carrington

Jerusalem Observer Reporter

THE ZIONIST FEDERATION of Great Britain and Ireland has asked Lord Carrington, the Foreign Secretary, for personal assurance that he will not withdraw from the British Government's pledge not to meet with the PLO until they recognize Israel's right to exist.

In a letter to Lord Carrington, the ZF chairman said that the ZF was bitterly opposed to "any situation which would involve our Foreign Secretary meeting with a PLO representative and, in so doing, we believe that we reflect the view of the British people who regard the PLO as a terrorist organization which should be ostracized rather than encouraged."

The protest was sparked by a British Foreign Office statement that some 30 meetings between PLO representatives and Foreign Office officials had taken place in the past two years although there was no evidence that the PLO was prepared to recognize the State of Israel. "We would be pleased if you could present to us just one statement made by a PLO representative (who is still alive!) that he is prepared to accept Israel's right to exist within secure boundaries," the letter challenged.

Referring to Lord Carrington's recent statement that, "if the time is ripe for me as President of the Community and on its behalf to have talks with the PLO, I will obviously do it," the ZF chairman said that this had "effectively destroyed, in the eyes of Anglo-Jewry, any lingering hopes that the British Government's Middle East policy is concerned with bringing about an equitable solution to the Arab-Israeli conflict."

Peace reigns

Jerusalem Observer Reporter

HONORARY Officers of the ZF met early this month in a spirit of reconciliation and with a determination to improve the image of the ZF after the public debates of recent weeks.

The Honorary Officers acknowledged that Geoffrey Gelberg, chairman and acting honorary treasurer, will set up, within the next few days, a commission to conduct a McKinsey type appraisal of the ZF's structure and funding. It was the consensus of the meeting that, based on the findings of this commission, ZF activities should be intensified so that the Federation will be able to meet the serious challenge facing the Zionist Movement: the growing threat of PLO involvement in the Middle East peace process which could mortally endanger the State of Israel.

A friendly and constructive atmosphere characterized the meeting.

Following a presentation on political developments by Dr. S. Levenberg, the Honorary Officers decided that the ZF should launch a wide-ranging campaign, including a series of meetings to alert the community to the dangers inherent in the British Government's support for the EEC Middle East initiative.



New FWZ chairman Brenda Katten delivering her acceptance speech.

FWZ doubles its funds

Jewish Observer Reporter

THE FEDERATION of Women Zionists (British & Irish) delegates and guests turned up for the FWZ biennial conference last month. At a time of economic recession, when almost all organizations are forced to retrench and trim their budgets, it can be said that FWZ, with its long tradition of deeds before words, is arguably the most cohesive and effective Zionist organization operating in Britain.

This biennial conference reflected FWZ's tradition and sense of purpose. There were not many arguments or dissensions as the delegates were visibly too busy putting into action an impressive array of on-going projects. The only notable controversy occurred during the last session which dealt with tourism, Soviet Jewry, public relations and aliya.

Mrs. Joy Wolf, a delegate from Manchester, who is also a member of the ZF National Executive (Provincial), criticized the executive for not devoting more time to the subject of aliya; she said that, at a recent public meeting, Shlomo

Argov, the Israeli Ambassador, had urged the Jewish communal organizations in Britain to direct more resources to promoting aliya. It was "shameful," Joy Wolf said, that FWZ was ignoring the ambassador's plea.

Replying, Brenda Hayman, who chaired the session, pointed out that the conference had already passed two resolutions sponsored by the executive, dealing with that subject.

The conference was told that during the term of office of the outgoing chairman, Mrs. Liela Wynebourne, the organization's funds had increased from £330,000 to £1,200,000, an increase of 126 per cent. The number of Aviv groups (women between the ages of 20 to 40) had doubled from 30 to 60, while FWZ's total membership reached 20,000.

Liela Wynebourne, in her farewell address, told the conference, "You couldn't have chosen a better chairman than Brenda Katten. Brenda, we are all behind you."

The new chairman responded with similar enthusiasm when she promised to follow in the footsteps of her predecessor, "encouraging new groups and sustaining existing ones."

Oil-rich Arabs stingy to UNRWA

Jewish Observer Reporter

GEOFFREY GELBERG, chairman of the Zionist Federation of Great Britain and Ireland, has asked the Prime Minister, Margaret Thatcher, for her views on the oil-producing Arab states' reported refusal to increase their contribution to UNRWA, the UN agency looking after Palestinian Arab refugee camps.

Gelberg's letter followed a report in *The Times* that the Arab countries' refusal to increase their contribution to UNRWA's budget is threatening refugee camp schools with closure and refugee families with a halving of flour rations. The report said that the six per cent contribution which Arab states pay col-

lectively is only marginally above what Britain alone contributes.

In his letter to Mrs. Thatcher, Gelberg said: "The Zionist Federation and Jews in general have always supported the causes of the needy and the oppressed, but clearly in contributing to UNRWA under the prevailing circumstances, Britain is expected to participate in a futile and irrelevant political game rather than give to a bona fide charity. Like many other British subjects, I find it hard to understand why, at a time when Britain is going through a severe economic recession, the British taxpayer should pay for the upkeep of Palestinian refugees roughly the same amount as all the Arab states together."

JEWISH OBSERVER

A Journal of Zionist Commentary

Strained justice

A SMALL INCIDENT which took place in Parliament month has inadvertently exposed the Foreign Office's double standards with regard to the PLO. On Wednesday, March 18, during (Answers to Questions on Foreign and Commonwealth Affairs) Winston Churchill (Conservative, Stretford) put the following question to Sir Ian Gilmour, the Lord Privy Seal and Deputy Foreign Secretary: "What grounds can my right hon. friend advance for saying that the PLO is any more representative of the wishes and actions of the Palestinian people than the IRA is of the Irish Celtic community in Northern Ireland?"

Sir Ian's reply was one of condescending dismissal: "I do not think that my hon. friend can be serious in asking that question. He then went on to say: 'It has often been shown, both in the Republic of Ireland and in the North, that the IRA enjoys virtually popular support. If my hon. friend believes that the PLO enjoys popular support among the Palestinians, either on the West Bank, in the refugee camps or elsewhere, he should go there and find it for himself.'"

Barely a month later, Bobby Sands, an IRA man, died in Maze Prison, won the by-election in Fermanagh-South Tyrone with a majority of 1,446 votes over the former leader of the Official Unionist Party (Protestant). Sands' victory is considered as a triumph for the IRA.

Since it has at last been proved that the IRA does represent the Catholics in Northern Ireland, will the government now recognize the IRA and negotiate with them, just as they are pressing Israel to do with the PLO? Or does fairness change with locality?

Fleet St. anti-Zionism

By JOSEPH GRIZZARD

AS THE NATIONAL newspaper pack is re-shuffled in Fleet Street and once against Rupert Murdoch emerges as the man with the trump cards, what is the outlook for those readers who seek evidence on Israel's fortunes in the British national Press?

For starters, we must accept that, according to Fleet Street, the EEC, led by Britain's Lord Carrington, is trying to bring peace to the Middle East.

His heroic endeavours are being hampered by Mr. Begin who is engaging in warlike acts — for instance, the creation of new settlements in Samaria and Judea.

Helping Lord Carrington is good, kind Mr. Yasser Arafat, the leader of the Palestine Liberation Organization which has nothing to do with terrorism. All Mr. Arafat wants is peace. Rather like the Russians do.

How is it that Israel's situation is so distorted in many of our newspapers? Perhaps a clue can be found in a motion tabled by the London Freelance Branch of the National Union of Journalists.

The motion was discussed at the union's Annual Delegate Meeting at Norwich which began at the end of March. Here is the Freelance motion:

"This ADM views with concern the activities of the Israeli occupation authorities in Palestine in suppressing and harassing the Arab and English-language press, and in censoring and banning journals, books and other media. ADM deplores the recent arrest of three Palestinian editors by the occupation authorities. It urges the NEC to protest to the Israel Government over these actions, and further to contact the General Union of Palestinian Writers and the editors of the journals concerned with a view to making these matters known to the NUJ's membership as a whole. This ADM further condemns the lack of press freedom in surrounding Arab countries."

The proportions of the motion condemn Israel (the three editors were released) and the Arabs are a fair example of some Fleet Street attitudes.

One of the results of the current Fleet Street re-shuffle is the departure of Harold Evans from the *Sunday Times* to the editor's chair at *The Times*. He will be taking over from William Rees-Mogg, another great student of the Israel scene.

Evans' successor at *The Sunday Times* is his former deputy, Frank Giles, a confirmed Arabist and a friend of King Hussein. Editorially he will be faithfully spouting the Carrington-Gilmour-Hurd line.

Whether Evans will use his new facility of a daily paper to rebuke Israel six days a week instead of only on Sundays remains to be seen.

The new *Observer* proprietor-designate, Tiny Rowland, has in Donald Treford in editor whose line on Israel has been consistent: A Jewish state whose boundaries will be completely acceptable to the Moslem world.

While the *Financial Times* under its new editor, Geoffrey Owen, is faithfully continuing the "It's all Israel's fault" policy of his predecessor, M.H. "Fredy" Fisher.

Finally, leaving Fleet Street and surveying the financial scene, when one considers the massive revenue coming into Britain from obscure Arab states, it is understandable that there is a certain warmth of feeling for those fighting Israel in many beleaguered board rooms.

Coupled with widening selective endorsement of Arab terrorism, Israel can expect a critical approach to its activities by much of the public and the Press in the coming months.

The achievements of 33 years

By TERENCE PRITTE

In 1948 the State of Israel was founded in a spirit of fervent idealism. Its founding fathers set out to create as near as possible a perfect and united society, and offered the hand of friendship to all neighbours. Since then, the people of Israel have been subjected to heavy and endless pressures, economic and social as well as military — pressures which would assuredly have destroyed a less determined and believing society.

On the face of it, the situation is bleak. Galloping inflation has undermined the earlier sturdy faith in survival and achievement. Economic and political stress has discouraged allies and has taken increasing and disturbingly large numbers of people out of the country. There has been a whole rash of political and financial scandals, accompanied by the sort of muck-raking which Israel's founding fathers could never have envisaged. Crime is on the increase; so are drug-addiction and other social ills. And all the time peace, real peace, stays obstinately out of sight.

What has gone wrong? I have been visiting Israel for nearly 20 years and the obvious and generally recognized changes for the worse seem to me to have taken shape and gained impetus since the 1973 war.

Arab use of the oil weapon was at first spasmodic and tentative; it was not at once clear that it would lead to a world economic recession in which Israel would be one of the chief sufferers.

In a purely material sense, the oil-price shock has given a terrifying twist

to the spiralling arms-race, which has now assumed truly maniacal proportions in the Middle East. This has set at naught the persevering and often inspired progress made in the economic field, and it seems that the Arabs may by now have decided that the way to beat Israel is not by fighting a war but by forcing Israel to bankrupt itself simply by having to maintain its defences at the needed level.

The crisis of confidence in Israel stems from the apparent impossibility of improving the situation. On the one hand, inflation rages on and gathers pace; on the other, Arab refusal — with the exception of Egypt — to accept Israel's very existence persists. How can the people of a country like Britain appreciate the stresses which this situation imposes on a small nation like Israel? Out of those stresses, rather than from any degeneration of national character, have come lowered political and public morale.

The bad before the good, then; it is a good rule to apply when discussing what one can still admire and hold in deep affection. What is going wrong in Israel is in no way unusual; it is happening in every sophisticated society in the civilized world. Perhaps there has been an exaggerated tendency in Israel to skate over the real perils of inflation, in the vague assumption that one "can live with it." The truth, of course, is that it makes all coherent individual and family planning impossible.

But inflation apart, Israel does better than most other countries; there is still less crime, less corruption, fewer drug addicts and drop-outs. There is also a livelier sense of

patriotism, a greater sense of compassion and caring, and an altogether remarkable imagination and inventiveness. At the end of the day, there is more joy in the actual business of living than in countries where living standards are higher and really serious national problems do not exist at all.

Think of just a few of Israel's achievements. Three times more immigrants have been taken in and cared for than the total population of the state at its inception. A safe haven has not been refused for a single Jew, 50 years after a British Minister of the Crown said that there was not "room to swing a cat" in Palestine. Industry has made quite remarkable progress, especially when science-based and export-oriented. Educational standards are remarkable. The solidarity of the community remains; nobody who saw it can forget the way in which Israel's young marched to war soberly but with closed ranks in 1973. Israel's young, indeed, are outstanding — in ability, in drive, in interest in life.

Israel has achieved the first stage of peace, with Egypt. This has been done with American help and Egyptian acceptance — a reminder, perhaps, that the "go it alone" syndrome may have been overdone at times. Real, lasting peace would give scope to the energies and ideas which still animate the people of Israel. Nobody can predict the future, but if Israel's is to be a fair one, then the next government must reactivate the diplomatic processes, use its imagination to the full, and work for peace with tireless persistence.

Dundee, the PLO and British Jewry

By MICHAEL WADE

LAST NOVEMBER the Scottish seaport of Dundee and the Samarian agricultural and market town of Nablus were formally "twinning" by their respective local authorities. The move did not, of course, come out of the blue. It was a step in the dedicated and highly professional campaign by the PLO to penetrate British public opinion at every level.

PLO ambitions may be divided into two stages: first, obtaining political power and recognition in the West Bank and the Gaza Strip; and next, extending their dominance over the whole area south of Lebanon between the Mediterranean and the River Jordan, displacing Israel in the process.

How did the Dundee coup come about? The background includes a history of corruption in the local constituency Labour Party, which led some 18 months ago to a scandal and the jailing of high officials; a consequent power vacuum in the party which was filled by a group of young and relatively inexperienced radical activists under the tutelage of pro-PLO local MP Ernie Ross, and the fact that one member of this small group has family connections in Beirut.

When Nablus mayor Bassam Shak'a came to Britain last summer for treatment following the terror outrage in which he lost both legs, he was invited to Dundee because of Ross's involvement and the family connection. The personable Shak'a (whose misfortune should not cause one to forget that he who lives by the sword is quite likely to

die by it) made a good impression in Dundee. But even if he had not, the dominant Labour group on the district council does what it is told by the local party leaders. Thus the visit of Shak'a (connected in Arab politics with the Iraqi-backed Arab Liberation Front, a group within the PLO whose most recent success was storming the baby house at Kibbutz Misgav Am) was only a catalyst.

How does the twinning between a relatively remote and economically depressed industrial town in Scotland and the largest urban centre in the agriculture-dominated West Bank further the PLO's political programme?

First, it gains publicity linked with formal acceptance at an official level. Second, it constitutes a precedent for "successful" penetration at local authority level. Third, it creates a useful base for PLO activity, both regional and national — doubly useful because removed from areas where resistance may easily be arranged. Fourth, it constitutes a blow to Jewish morale — more apparent in this instance, because Dundee's Jewish community is small and shrinking, mainly elderly and distant from the nearest main centre of Jewish life.

The last point also illustrates the crucial lesson that emerges from the PLO's success in penetrating the Dundee district council. One clear factor in the PLO's calculations was the size and power of the local Jewish community. This simple fact is enough to negate all the volumes of disingenuous or just ill-informed protestations that anti-Zionism or anti-Israel political positions are not related to anti-Semitism. For the

PLO in Britain or anywhere in the Western Diaspora, the central antagonist is the local Jewish community.

The PLO (together with the local politicians) seriously underestimated the strength of the local community and its Zionist commitment — but they may succeed in avoiding this kind of mistake in future if British Jewry does not carefully digest and act upon the lessons of Dundee.

What are these lessons? First, that the general position of small, provincial Jewish communities is far from satisfactory. The Board of Deputies has recently taken important steps towards remedying this, but more needs to be done. Let no one think that a similar attempt in, say, Exeter, could not be made.

Second, information about Israel and the true nature of the Middle East conflict must be put across much more assiduously than is the case now, at all levels of political life in Britain. Major targets must be the trade union movement, particularly the new generation of radical elected and career officials who are taking their places in its ranks; and the Labour Party at grassroots and constituency level.

Third, Jews must accept once and for all that whatever the level of their personal commitment, an attack upon Israel is an attack upon themselves, both individually and communally.

And finally, the most heartening thing to come out of the whole sorry episode: the Jewish community in Britain is capable of a powerful, coordinated response to incidents like these.

THE JERUSALEM POST

INTERNATIONAL EDITION

Week of April 27-May 3

Bank Hapoalim B M



Ya'acov Levinson, who led Bank Hapoalim for 12 years.

Dynamism and vitality

BANK HAPAOALIM B.M. concluded 1980, its 59th year of operations, with record growth in its balance sheet and profitability. At year's end, total consolidated assets amounted to \$128.3b. or \$17b., representing an increase of 158.7 per cent and 21.2 per cent respectively over 1979. Consolidated net income for the period stood at \$639.4m. or \$84.7m., up from \$201.2m., or \$56.9m., in the previous year. This represents an increase of 217.8 per cent in shekels, or 48.8 per cent in U.S. dollars.

Rapid growth was experienced in all areas of the bank's activities during the year. Total consolidated deposits increased 159.3 per cent to reach \$85.3b. Expressed in U.S. dollars, total consolidated deposits amounted to \$11.3b., an increase of 21.5 per cent over \$9.3b. at the end of 1979. Loans outstanding amounted to \$80.5b. (\$10.7b.), an increase of 310.7 per cent (94.5 per cent in U.S. dollars).

These successful results must be seen in light of the bank's dynamism and vitality, on the one hand, and careful attention to consolidating and building upon its strengths, on the other — all within the framework of a consistent, planned programme of expansion. In this

respect, in 1980, there were notable achievements in the continued development of worldwide banking services. Bank Hapoalim has established itself as a major factor in the international financial community, where it is represented by many overseas facilities and where it maintains correspondent relations with the leading banking institutions. In Israel, the Bank Hapoalim Group plays a key role in the development of the nation's productive sectors and is the leading source of finance in the fields of manufacturing, construction, transportation and agriculture.

The extent to which Bank Hapoalim enjoys the confidence of investors at home and abroad is well reflected in the response to its two public offers in 1980, a \$50m. notes issue on the Eurodollar market and an \$250m. (47.8m.) shares and warrants issue in Israel. This latter sum represented the largest amount ever raised in one issue on the Israeli capital market. The fact that existing shareholders exercised almost 100 per cent of the rights available to them and that the issue to the public, which comprised more than half of the total offering, was oversubscribed by 15.3 times, is ratifying evidence of the public trust enjoyed

by the bank. As a result of the repeated success of the bank's public offers, its capital base has been significantly strengthened.

From date of issue to the end of year, these latest shares earned about 105.2 per cent, or 410.2 per cent on an annual basis, well above the rise in the consumer price index. Similarly, Bank Hapoalim shares traded from January 1, 1980 rose by 230.4 per cent over the period ending December 31, or by 55 per cent in terms of U.S. dollars.

In light of the bank's extraordinary achievements throughout the year, the board of directors recommended to the annual general meeting on March 31, 1981 that shareholders be awarded 40 per cent bonus shares, as well as a cash dividend of 12.5 per cent on ordinary shares and 15.5 per cent on ordinary preferred shares. This is in addition to the interim dividend for 1980, approved in mid-year and distributed as follows: a 6 per cent cash dividend to holders of preference shares and 25 per cent bonus shares to holders of ordinary and ordinary preferred shares, bringing the effective rate of bonus shares to be distributed to 75 per cent.

A decade of growth

THE PAST decade has been one of dynamic and sustained growth for the Bank Hapoalim Group. During this period, Bank Hapoalim emerged as the leading bank in Israel and attained high ranking among the largest financial institutions in the world. These achievements are the result of a careful development programme, which has judiciously combined consistent consolidation of strength with vigorous expansion of services and operations at home and abroad.

On an annual basis, for more than a decade, the growth in Bank Hapoalim's balance sheet has exceeded that of the general banking system in Israel, both in terms of local currency and U.S. dollars. At the same time, there has been a consistent increase in net income, at an average annual rate of 95.4 per cent (43.3 per cent in U.S. dollars) between 1971 and 1980, and 140.7

per cent (38.0 per cent in U.S. dollars) over the past five years.

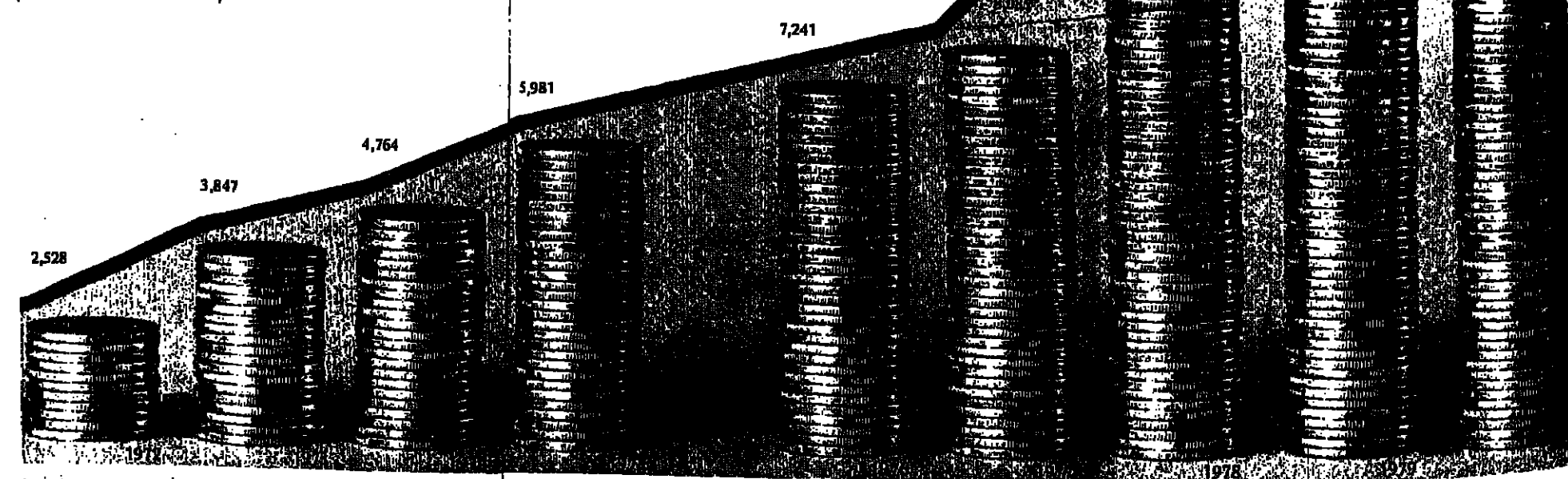
Throughout 1980, several prestigious independent international studies confirmed Bank Hapoalim's financial strength and extraordinary growth relative to the global banking community. The *Banker* cited Bank Hapoalim as the 105th largest bank in the world in terms of 1979 consolidated assets, expressed in U.S. dollars, less contra accounts. This ranking represented a rise from 111th and 122nd positions respectively in the previous two annual surveys. At the same time, based on 1979 consolidated assets expressed in U.S. dollars, *Institutional Investor* listed Bank Hapoalim as the 100th largest bank in the world, up from 102nd

position; the 30th fastest-growing bank in terms of assets in U.S. dollars; and the fastest-growing bank in terms of assets in local currency. For the second consecutive year, the *American Banker* ranked Bank Hapoalim as number 109 in terms of assets in U.S. dollars. The same publication listed the bank as number 119 in terms of deposits in 1979, compared to a ranking of 122 during the previous year.

In addition, the international corporate scoreboard compiled by *Business Week* cited Bank Hapoalim

as Israel's leading economic concern with regard to revenues and profits based on 1979 figures. At the end of 1980, for the third consecutive year, Bank Hapoalim was again the largest single bank in Israel, as well as the largest taxpayer in the country.

THE GROWTH OF BANK HAPAOALIM B.M. 1971-1980
(in millions of U.S. dollars)



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THE JERUSALEM POST INTERNATIONAL EDITION - BANK HAPAOALIM SUPPLEMENT

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Reason for optimism

Bank Hapoalim is making plans for the next decade, says Iora Gazit, the management board chairman talks to MACABEE EAN.

As to the problems facing Israel's economy — they are manifold, but Gazit sees the most important ones as snapping the thread of runaway inflation, and bringing inflation, which seems to be a current disease of the western world, down to liveable limits. "After all, the only objective reason is the price of imported oil, and this has not caused such huge inflation abroad. Other major causes of inflation such as financing a war, or a huge surge in the growth of a country's economy, do not exist here, although our defence expenditure does place a heavy constant burden on the economy."

But Gazit sees the curbing of inflation as an immediate goal, necessary but not sufficient in itself. "There's too much emphasis in this country on monetary or financial solutions. What really needs to be done is to restructure the economy over the long run, in order to accomplish one goal: to increase production."

"In the long run, Israel will have no choice but to find a healthier relationship between overhead and production," Gazit explains. As for Bank Hapoalim itself, during 1980, the bank's consolidated assets grew by 21.2 per cent (in dollars) to stand at \$17 billion, and the bank's consolidated profits rose by

48.8 per cent (in dollars) to stand at \$84.7m.

"But what is most important," Gazit says, "is that our capital grew by about half a per cent despite inflation in dollar terms."



Gazit: high growth, profitability

The growth in capital was due to paying a modest dividend, while switching profits to reserves, and by floating new issues. (Gazit likes to use the phrase "dollar terms" since he believes it gives a much better grasp of matters than Israeli currency, which gives a distorted picture due to inflation. For example, the bank's profits in shekels rose by

217 per cent in 1980, and this gives a completely different picture, unless the growth is cited in dollars — which is still tremendously high at 48.8 per cent).

THE BANK ITSELF has made two significant strides in the past year. One was attract more and more "self-employed" persons as customers. "It is shown by the 190 per cent growth in deposits, much above the inflationary spiral which was 137 per cent, to stand at \$8.5 billion."

Gazit explains "Bank Hapoalim was always strong in two sectors. Among the giant corporations, like Koor, Solel Boih, etc., and at the opposite end, among the wage-earners who receive their pay packets through the bank. Now, in the last year, we have made considerable inroads on the ranks of the self-employed, increasing our services to this segment of the population."

And the bank has set up three regional offices: in London, for England; in New York, for the U.S. (although it has declared California as its home state under new American banking regulations) and in Miami, for all of Spanish- and Portuguese-speaking America, including the Caribbean. Hapoalim plans to open a subsidiary in

Canada this year.

Within Israel itself, the number of branches has grown to stand at 330. The number of workers has increased by only two per cent to stand at 9,294.

The drive to keep the staff from growing had several objectives.

One was a national objective to attract more workers to the services from the productive sector; another was not to be "grossly overstaffed, by perhaps 30 per cent, when the present inflationary spiral calms down. Today, the public had been driven frenetic due to inflation. Money left in the bank loses its value week by week, so it has to be taken out as soon as possible, invested or used for consumer goods. Thus, visits to our banks are frequent."

Hapoalim, Gazit says, also managed to keep its staff down by increasing its electronic devices. The number of automatic tellers is steadily growing and should encompass nearly all the branches within a short time; and some 20 branches already have electronic computer terminals, and another 50 to 70 will be installed this year. These terminals allow each bank to handle its own internal complicated book-keeping, with the information being fed into the central computer once a day.

In short, Gazit contends, Bank Hapoalim has entered the 1980's on a positive swing — its growth rate and profitability are highest among the country's big banks.

"But the challenge of the future must be met head on and at Bank Hapoalim we are already planning for the coming decade."

Continuing a record of expansion

THROUGHOUT 1980 the Bank Hapoalim Group continued to expand all aspects of its diversified business at home and abroad. Domestically, several new branches were added to the group's extensive network of commercial banking facilities, bringing the total to 330. All subsidiaries and affiliates reported significant growth; these include companies engaged in the financing of industry, housing and agriculture, in managing pension funds and administering trusts, and in conducting activities in a wide range of financial fields.

In order to render client services with a maximum of efficiency, as well as to streamline internal operations, Bank Hapoalim enlarged its technological infrastructure during the year. Many more branches were brought on-line to a sophisticated central data system, which permits the simplification of complex transactions and enables the bank to process information with greatest speed. Further improvements included the installation of more Bank-Kat automatic remote tellers and the expansion of a computerized rapid communication system for transferring orders for the purchase or sale of securities.

Despite these advances, the bank has been careful to strike a balance between the use of computers and allied technology and the maintenance of the fundamental principle of banking as a people-to-people service. The streamlining of operational procedures freed staff to provide more personalized attention to clients' needs.

AS A RESULT of its activities during the past several years, Bank Hapoalim has established its position as the leading bank in Israel in financing import and export transactions. In addition, Israel Continental Bank, a subsidiary specializing in granting foreign currency credit and facilitating the international trade of Israeli firms with the European Economic Community, especially West Germany,

continued to develop as an important factor in financing trade relations with a large number of countries. At the same time, American Israel Bank increased its activities with a broad range of commercial clients engaged in import and export.

Bank Hapoalim provides comprehensive service in the entire field of international trade, offering all standard instruments necessary to facilitate trade, including acceptance credit facilities and documentary letters of credit.

Complimentary services are available to Israeli importers, who also benefit from the bank's established lines of overseas credits from commercial sources and export-supporting institutions. In 1980, Bank Hapoalim signed a new agreement with the Export Development Corporation of Canada (EDC), which provides subsidized medium-term credit at convenient terms to the bank's customers who purchase machinery and equipment in Canada. This instrument was added to other standing lines of credit from the EDC, the U.S. Export-Import Bank, the British Government Export Credits Guarantee Department and specialized sources in France, Belgium, Germany and other countries. Together, these facilities enable the bank to play a key role in financing the import components of major development projects.

In addition to providing various types of credit in local and foreign currency, Bank Hapoalim supplies numerous services to importers and exporters in Israel: foreign currency account management, foreign exchange, international money transfers, import/export documentation, commercial information and

assistance in identifying and exploiting marketing opportunities.

ALL BANK HAPAOALIM branches and regional offices are staffed with expert securities consultants, who provide detailed data and analysis to institutional and retail clients, enabling them to make informed and prudent investment decisions. These services were improved during 1980 with the expansion of the bank's instant communication system, which now links many more branches to the head office in Tel Aviv, and connects the head office to the Tel Aviv Stock Exchange. As a result, buying and selling orders can be recorded almost until time of trade, while clients can receive the most up-to-date information through computer terminals in the branches.

In addition to domestic transactions, the bank offers its customers trade in foreign currencies. On the American market it deals through a leading brokerage house. In Europe, orders are transmitted by the bank's overseas offices.

In Israel, the mutual funds administered by a Bank Hapoalim subsidiary, Hevrat Lehitul Kranot Bene'emanut, continued to yield optimal returns. Midway through the year, the company established its ninth fund, *Sa'ar*, which features a flexible investment policy allowing it to vary its portfolio among shares, linked debentures and foreign currency. From January to December, the total assets of all Bank Hapoalim funds rose by 258.3 per cent, a figure which exceeded the 217.5 per cent growth in the entire market of mutual funds.

AS IN PREVIOUS years, Bank Hapoalim made special efforts to promote savings plans, which it con-

siders to be a highly suitable means for long-term savings.

Through its subsidiaries, Mishkan-Hapoalim Mortgage Bank Ltd. (formerly known as Housing Mortgage Bank Ltd.) and Mortgage and Investment Bank for Building Ltd., the Bank Hapoalim Group finances the purchase and construction of housing for a wide range of mortgage recipients.

The voluntary provident funds operated by Bank Hapoalim continued to be viewed as the most effective means whereby wage-earners and the self-employed can assure themselves of comfortable standards of living after retirement. During 1980, Bank Hapoalim was the leading bank in Israel in this area, as 123,000 new members joined these funds, bringing the total to 615,000.

Assets of all the provident funds owned and managed by Bank Hapoalim exceeded \$11b. at year's end, as compared to \$3.9b. in 1979. At the same time, the funds yielded a return of approximately 12 per cent over the rise in the consumer price index, surpassing the yield on any alternative investment.

Isracard, which is marketed by Isracard Ltd., a subsidiary of Bank Hapoalim, was still the most widely held Israeli credit card in 1980. Fourteen of the country's commercial banks, or more than half of the total, now belong to the system. During the year, for the second successive time, Isracard was cited as the "Most Preferred Credit Card in Israel" in the annual nationwide survey conducted by *Yedioth Aharonot*.

Eurocard Ltd., another Bank Hapoalim subsidiary in Israel, is the domestic marketer of Eurocard, a member of the Master Card network. Eurocard and its affiliated cards are honoured by almost three million establishments around the world.

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IN APRIL, says Bank Hapoalim chairman Ephraim Reiner, the bank celebrated the tenth anniversary of its branching out into the wide world. Its first venture abroad was in the United Kingdom. Since then, the bank's international operations have grown by leaps and bounds to a network of branch offices and agencies in Europe and North and South America.

In presenting the dry facts of the bank's rapid expansion abroad, even a banker's customary restraint does not entirely mute the pride in Ephraim Reiner's voice. In Britain, Bank Hapoalim now has three branches. In Switzerland, it has a subsidiary which has a branch office in Luxembourg, in addition to Bank Hapoalim's own branch office there. Bank Hapoalim Switzerland also has a subsidiary with two branch offices in Montevideo. In Paris, Bank Hapoalim conducts business through a representative.

In North America, Bank Hapoalim has representative offices in Montreal and Toronto, which are soon to become a subsidiary, after Canadian legislation has been changed to permit the operation of foreign banks. In the United States, Bank Hapoalim now has offices in six states — four in New York and in Boston, Chicago, Philadelphia, Miami and Los Angeles.

It has, in short, been a decade of accelerating growth. What is the rationale behind this expansion? Why the move away from the traditional use of correspondent banks abroad to the direct provision of banking services?

The bank's foreign offices, Reiner explains, service Israel's

Banking on export

Bank Hapoalim chairman Ephraim Reiner describes foreign operations, Jerusalem Post Economic Editor MEIR MERHAV.

foreign trade by widening banking facilities mainly medium-size and large companies doing business with Israel, either importing to, or exporting from Israel. This country's foreign trade amounted to some \$2.2b. in 1980, not counting defence imports. It is expected to reach nearly \$2.6b. this year. That trade represents myriads of export and import transactions which have to be financed.

That, however, not the entire story. Even after a liberalization of currency controls in October 1977, Israel's foreign currency transactions and foreign trade are subject to a great many restrictions. Changes in economic and monetary policy, moreover, involve constant revision of the existing rules and regulations. An up-to-date Israeli bank with branches abroad is therefore much better placed to provide efficient financing than a foreign bank operating through correspondents in Israel, or vice versa.

In addition, the bank's overseas branches are a valuable link with Jewish communities abroad, which have economic interests in this country. An Israeli bank strengthens these ties. No foreign bank, however close its cooperation with an Israeli correspondent bank, can provide a similar service,

ranging from ordinary day-to-day banking facilities to the financing of foreign trade and providing reliable, detailed information about investments in Israel.

These two reasons d'etre of the bank's foreign operations



Ephraim Reiner: room for growth

automatically lead to the third, Reiner goes on to explain. As the bank establishes itself abroad, primarily to service Israel's foreign trade and also to cater to the needs of Jewish communities through a direct financial link with Israel, it expands into general banking ser-

vices wherever it is located. It thus becomes part of the international banking community. Bank Hapoalim already ranks among the 100 biggest banks in the world, a fact that, of course, helps its expansion overseas. Its foreign operations are small, not only in comparison with other banks in the same league, but also in comparison with the volume of Israel's international transactions. There is, Reiner adds, still much room for growth.

ANOTHER SIGNIFICANT aspect in the expansion of the Israeli banking system into foreign operations bears considerable importance for the national economy as a whole. The increasing involvement and strong position of Israel's banking system in the international financial community greatly increases Israel's access to investment capital and bolsters the country's standing. In concrete terms, this means that in addition to the official foreign currency reserves of the Bank of Israel, there are the reserves represented by the foreign currency assets of the commercial banks.

Turning to the specific orientation of Bank Hapoalim in its foreign operations, Reiner says that although the bank supplies so-called

retail banking services abroad, it does not consider that kind of operation its forte. Retail banking calls for an intimate knowledge of local conditions and a large investment in facilities and staff.

To conclude the story of Bank Hapoalim's entry into the wide world, Ephraim Reiner talks about BITS — British Israel Trade and Services — a subsidiary owned by Bank Hapoalim and British Jews. That company was established to finance investment in Israeli exports to Britain. The British investors are now asking whether the company cannot be converted into a vehicle for direct investment in Israel.

After all, he says with a smile, we Jews have always been regarded as financial experts — we are certainly able to provide a service that is not inferior (Reiner prefers the understatement) to that of any other bank. As Israeli banks — and of course he is thinking first and foremost of Bank Hapoalim — increase their share in the financing of Israel's foreign trade, and intensify ties with Jewish communities abroad, so their general banking business, unrelated to Israel, will also expand. The two lines of expansion will reinforce one another: Israel will export more and more services, strengthen its ability to mobilize resources from abroad and become an important factor in the international world of finance.

For the near future, the watchword in Bank Hapoalim is after a decade of rapid expansion, consolidation. The possibilities of further expansion, however, are almost unlimited.

Human resources

THE PROFESSIONAL skills and dedicated efforts of management and staff have long been decisive factors in Bank Hapoalim's development and expansion. Though the opening of new branches and the increase in activities during 1980 necessitated a further growth in the number of employees in the Bank Hapoalim Group to a total of 9,294 in Israel and overseas, this increase was relatively small considering the sharp rise in business and profitability.

In 1980, Bank Hapoalim continued to enjoy excellent management-employee relations. This success, a tradition since the bank's founding, reflects the sense of partnership and mutual interests that has been built up between management and staff over a period of 60 years.

The bank has always held that the pursuit of profits and financial stability in a competitive economy need not be undertaken at the expense of the preservation of social values, both in terms of its customers and employees. On the one hand, this philosophy emphasizes a concern for the welfare of the work force and, on the other, the recognition that the men and women who fill positions at all levels represent the bank's greatest asset. This approach has fostered a productive and healthy work environment.

Bank Hapoalim's Rabinow training centre in Herzliya continued to play an important role in assisting employees to adapt to technological advances. This residential facility provided a total of 26,427 training



Classes for new bankers at the Rabinow Training Centre.

days during 1980 is a broad range of programmes, which included orientation courses for new employees, teller training, management development and lectures for specific personnel in all fields of activity.

RECRUITMENT and training of new management personnel represents an important aspect of Bank Hapoalim's development, and two special programmes are conducted in conjunction with the Rabinow centre. Recruits from outside the bank with academic degrees and some work experience undergo a concentrated training programme for a full year during which intensive study periods in the centre are combined with ongoing practical experience in different departments of various branches.

At an advanced stage, the recruit works alongside a senior branch manager before taking up a responsible management position in the group. Currently, some 60 graduates are assigned positions each year, primarily in branches, and the programme has been highly successful in augmenting Bank

Hapoalim's human resources at the management level.

In addition, the bank operates a programme for experienced employees who have advanced to middle level positions and are familiar with many aspects of banking activities. In order to develop their management potential, an 18-month course has been devised to allow them to combine their career activities with specialized training at the Rabinow centre and in the branches.

A key element of labour relations is the operation of effective methods of consultation and communication with employees at all levels. Joint cooperation is manifested in working committees of management and staff which meet regularly to consider relevant issues as they arise. There is also a joint management-employee programme of organized sports and other leisure-time activities. During the past year, more than two-thirds of Bank Hapoalim's staff participated in such sponsored extracurricular activities on a regular basis.

Educating savers

By JEFFREY HELLER/Jerusalem Post Reporter

TWO MILLION depositors are proof of Bank Hapoalim's success in tailoring its saving plans and providing funds to all ages and financial needs.

"We wanted to educate towards savings," Bank Hapoalim officials say, looking back on more than two decades of special saving plans.

With this in mind, Bank Hapoalim established the *Dan Hachan* saving plan for children, which, more than 20 years later, boasts 250,000 depositors.

More than a savings plan, *Dan Hachan* has become an educational experience, underwriting its own book club, stamp collections and an annual mathematics competition at the Weizmann Institute. First prize: a four-year university scholarship.

Its depositors now enjoy full index-linkage on balances above IS10.

Responsive to the needs of the young depositor through all the stages of his or her education, Bank Hapoalim became the only bank in Israel to establish a savings plan towards high school education, which it did 18 years ago. Now that secondary school is free, many depositors have opted to join the *Hassen Lehasala Gevoha* (Savings towards Higher Education), whose long-term plan enables subscribers to save up to the age of 25.

Hassen Lehayal (Soldier's Saving Plan) was designed to put funds saved in the scheme at the soldier's disposal after he or she finishes army service. Begun 12 years ago, the plan provides for monthly or lump-sum deposits, with the linked return withdrawable three years

from the date of the first deposit. The plan can be extended for an additional two years.

Bank Hapoalim, its management notes, has captured some 70 per cent of the market for these types of savings plans.

Another popular savings plan is the *Rav-Tachlit* (Multi-Purpose) scheme, a flexible programme in which deposits and withdrawals can be made in lump sums or monthly instalments. The term of the plan ranges from two to seven years with net interest set at five per cent.

Tmura Kfita (Double Return) offers depositors free life insurance in addition to its regular three-year savings plan. Again, monthly or lump sum deposits are possible.

Mamon 200 (Treasure 200), a plan in which a fixed sum is deposited monthly for 100 months, also provides life insurance to subscribers, and beneficiaries of these policies are paid according to the last deposit made — for the duration of the plan's term.

With 615,000 participants subscribing to the funds — an Israeli record — Bank Hapoalim has garnered 38 per cent of the big three banks' share of this market. Provident funds, Bank Hapoalim officials say, are the most profitable savings scheme for investors and ensure that thousands of subscribers will enjoy a substantial increment to their pension income when the funds reach liquidity, 15 years from the date of the first deposit.

Reaching out to target audiences, Bank Hapoalim has set up provident funds that suit the needs of different professions.

BANK HAPOALIM completed nine years of overseas activities in 1980, having established its position as a major corporate bank in the world's leading financial capitals. Whereas emphasis in the past several years was placed on expanding the number of overseas facilities, in 1980 the bank concentrated its efforts on strengthening existing outlets by consolidating services and increasing the number of corporate customers.

The total range of financing facilities and techniques was expanded, and the staff of experienced officers, drawn mostly from the banking industry in the foreign markets, was augmented to add seasoned financial skills in all phases of conventional and innovative lending. At the same time, non-credit services were expanded in line with the growing needs of Bank Hapoalim's international clientele.

This programme brought encouraging results for the year, as evinced by an impressive rise in the volume of corporate credit made available by the bank outside Israel. In its chosen markets, Bank Hapoalim joined the roster of lenders to several large corporations, while increasing its lending ties throughout the general business community.

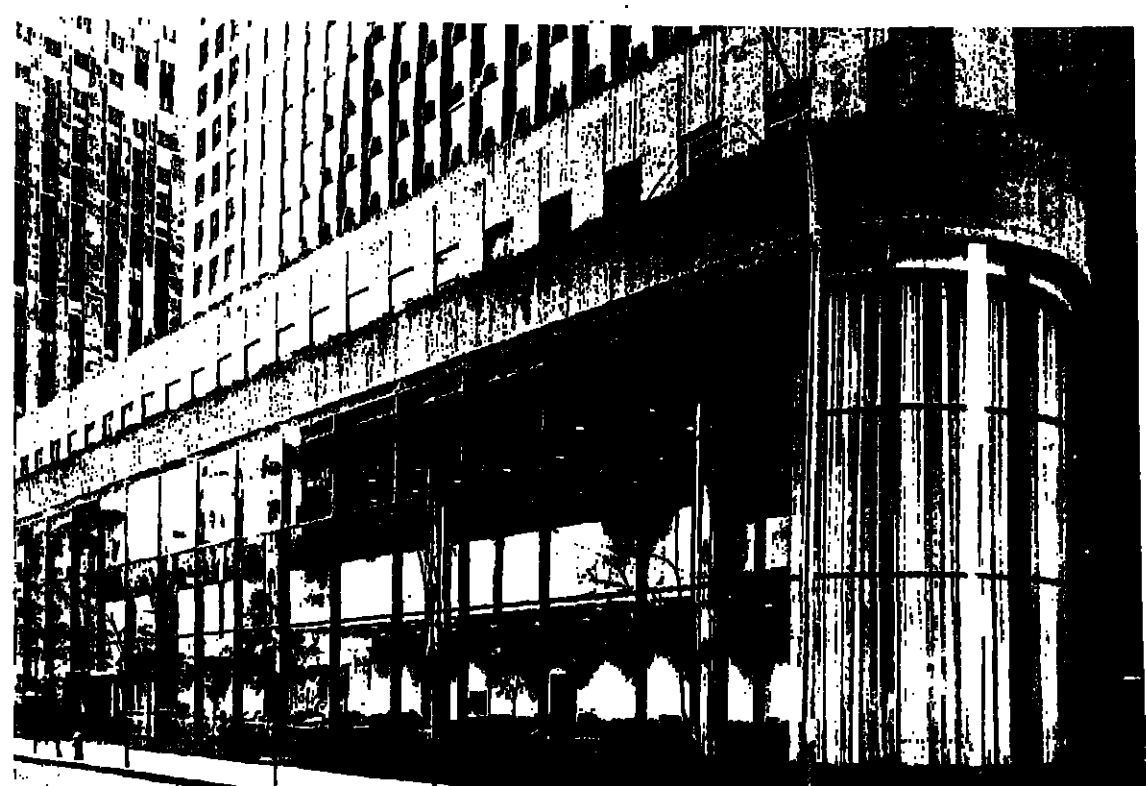
These developments, together with the establishment of new corporate contacts, enhanced recognition of the bank's strengths and capabilities in major financial markets, a trend which is expected to continue in 1981 as a result of the corporate lending programme now under way.

In addition to correspondent relationships with leading banks in all parts of the world, Bank Hapoalim also operates a substantial network of its own overseas banking offices. These facilities have acquired a large measure of expertise in meeting the needs of corporate customers, in terms of both their domestic and international trade activities. Because corporate banking is also an important facet of the bank's operations in Israel, where many of its clients have considerable overseas trade and manufacturing activities, the bank offers a formidable package of skills and resources built since its founding in 1921.

In an era of accelerated worldwide inflation, retail banking through extensive branch networks has become more costly, primarily because it is so labour intensive. However, the nature of Bank Hapoalim's overseas operations is such that it has not felt the full impact of this development. Rather than building a widespread chain of branches in the countries in which it is present, the bank has chosen to locate in the main financial centres where it can more effectively serve large corporate customers.

Nevertheless, retail banking is available to individual customers of Bank Hapoalim overseas, and its full-service foreign branches meet the entire range of consumer needs. WITH FOUR branches in New York City and environs (Manhattan, Queens and Huntington, Long Island), one each in Boston, Philadelphia and Chicago, an overseas branch in Los Angeles and an agency in Miami, Bank Hapoalim's pattern of outlets provides ready access to the principal areas of corporate business across the U.S. It is the only Israeli bank with offices in the New England region, and those branches which accept deposits from the

A network of services



Bank Hapoalim's New York City branch, in Rockefeller Plaza. Bank has four offices in New York State.

public (all except Los Angeles) were granted Federal Deposit Insurance Corporation coverage on January 31, 1980.

During the year, all branches reported a marked increase in activity, which focused primarily on funding the operations and growth of industry and international trade, concentrating on business relationships between Israel and the U.S.

The bank added a significant number of corporate customers, including many Fortune 500 companies, to its client roster. At the same time, Bank Hapoalim broadened the range of services to business clients in its markets. These encompass the full spectrum of corporate needs and include all routine lending facilities, import/export financing, foreign exchange, correspondent banking, demand and time deposits, and U.S. money and Eurodollar transactions.

In recognition of the need to provide specialized and expert service to large clients, at the end of 1980 Bank Hapoalim opened a new wholesale branch in New York City, known as the Plaza branch. On the West Coast, an application was filed to change the status of the Los Angeles outlet from that of a full-service branch to that of a full-service bank. Philadelphia branch, which completed its first full year of operations in 1980, exceeded all expectations by reporting a significant

profit during the year.

THE CITY branch in London was the first facility opened by Bank Hapoalim abroad, and it has since been joined by outlets in the West End and Manchester. All are full-service facilities, and the Manchester branch constitutes the only Israeli bank in the north of England.

The change of status from Israel to the United Kingdom was reflected in the bank's increasing involvement in the financing of trade between the two countries, especially on the part of the West End branch. The City branch maintained an active role within the international money markets, particularly the Euromarket, while the outlet in Manchester reported a visible increase in services to companies based in the north-west of the country.

In the United Kingdom, Bank Hapoalim provides its corporate and institutional clients with a knowledgeable and personal approach to their financial needs. Corporate services cover the full range and include working capital cash advances, acceptance credit facilities, documentary letters of credit for exporters and importers and medium-term loans to finance specific projects. Financing is provided in sterling, Eurodollars or other convertible currencies, and repayment terms are structured to

banking subsidiary in Uruguay.

The balance sheet of Bank Hapoalim (Switzerland) Ltd. itself showed assets of SF495m, as compared with SF369m. In 1979, an increase of 34 per cent. Net profits stood at over SF3,049,000 compared with SF2,211,000 in 1979.

Operations were further enhanced during the past year as a result of the bank's expansion in 1979 when it established three new outlets: a branch in Luxembourg, a subsidiary banking house in Montevideo, and a branch of this subsidiary in Punta del Este, Uruguay. The Luxembourg branch concluded its first full year of operations with results exceeding expectations. The branch was highly active in the fields of trade financing, money market transactions and client deposits.

THE NEW full-service banking subsidiary in Uruguay, Hapoalim (Latin America) Casa Bancaria S.A., also had a very successful first year. Its assets, as of December 31, 1980, totalled SF64m, and its net profits stood at SF762,000. The Uruguayan subsidiary accepts foreign deposits, provides commercial credit and conducts all banking services connected with international trade and foreign exchange. While serving clients in Uruguay and promoting international business at large, the banking house also widens Bank Hapoalim's network of correspondents and assists in expanding trade with Latin America.

IN ADDITION to the Luxembourg branch of its Swiss subsidiary, Bank Hapoalim is also present in that financial centre through a direct overseas branch of its own. During 1980, its first full year of operations, this outlet strengthened its connections with the international business community and contributed significantly to the Bank Hapoalim Group's worldwide corporate banking activities.

Bank Hapoalim maintains representative offices in Toronto, Montreal, Paris, Caracas, Buenos Aires and Sao Paulo, and will open a new one in Mexico City in 1981. These offices are engaged mainly in effecting ties with financial institutions and correspondent banks in the countries in which they are located, as well as in facilitating and promoting international trade, especially with Israel. In Canada, new banking legislation has been passed to permit foreign banks to establish banking subsidiaries, and Bank Hapoalim is preparing an application in order to be among the first to take advantage of the new law.

As a result of the bank's expansion on the South American continent over the past seven years, a regional management office for Latin America was established toward the end of 1980. Located in Miami, it coordinates the activities of the bank's offices in this part of the world. Miami is also the site of a Bank Hapoalim agency, a focus for business contacts between the industrial and commercial communities in Florida and Israel, and the development of business ties with South America.

In the British West Indies, Bank Hapoalim (Cayman) Ltd. reported encouraging growth in its activities during 1980. These consisted primarily of attracting off-shore Eurodollar deposits and making loans in this currency to international corporate clients. A new branch of Bank Hapoalim B.M. was also opened in Georgetown, Grand Cayman in 1980 to serve the expanded business there.



(Left) Manchester branch, one of three in the U.K. (Right) Montevideo is one of five South American offices.

The bank and the world economy

INTERNATIONAL economic developments in 1980 made it clear that the industrialized world has entered what has been termed a "low growth tunnel" in which the difference between recovery and recession is hardly significant. Throughout the year, the industrialized nations as a whole experienced minor growth, with the seven major Western countries (the United States, Japan, Germany, France, the United Kingdom, Italy and Canada) averaging a rate of about 1 per cent.

At the same time, their economies were characterized by accelerated inflation and rising unemployment. In addition, most suffered the transformation of trade surpluses into sizable deficits under the impact of rising oil prices.

In this respect, developments in 1980 bore a striking similarity to those during the worldwide economic slump of 1974-1975, which marked the end of a period of more than 20 years in which the average growth in output in the free world was quite substantial. As in 1980, that recession was sparked by a steep rise in fuel prices — a factor which, despite the subsequent recovery, has continued to stunt the industrial nations' growth.

Internationally, then, the situation during the past year was the result of inflation and economic stagnation that first took hold in 1973 and was exacerbated by the particular conditions of 1980. With regard to 1981, the mildest economic upswing since World War II is forecasted, with minimal economic growth and rising unemployment.

The pattern which emerged in 1980 had special implications for the Bank Hapoalim Group, the leading financial institution in Israel and a factor in corporate and international trade banking in business capitals around the world. Apart from providing traditional instruments, the bank was called upon by an increased number of commercial and industrial clients to devise innovative financing solutions to their specific corporate needs occasioned by the economic situation. By broadening its range of lending facilities, Bank Hapoalim met the special banking challenges of 1980 and strengthened its position in the worldwide financial community.

DEVELOPMENTS in Israel's economy during 1980 stemmed primarily from the corrective policy instituted in November 1979, aimed at halting the inflationary spiral and improving the balance of payments.

The policy consisted of a highly restrictive monetary policy, intensive reductions of subsidies, checking of investments, freeze in public service employment and partial compensation for price increases.

Private consumption fell by 4.6 per cent as a consequence of the decline in real income imports were curtailed and ports increased. As a result, improvement in the balance payments was noted. The economy absorbed the sharp rise in the price of imported fuel, an increase estimated to have equalled 9 per cent of the national income, while holding the non-military imports at no more than the level of 1979. Over the period of the whole year, exports totalled \$10.2b., an increase of 22 per cent in comparison to the previous year. Non-military imports rose by just 14 per cent to \$12.5b., leaving the civilian balance of payments deficit at \$2.3b. a slight change from the \$2.6b. in 1979.

Attempts to curb inflation were less successful. Although the price rise showed signs of weakening at the beginning of the year, this trend did not continue and the subsequent acceleration of inflation caused a 133 per cent increase in the consumer price index during 1980, as compared with 111 per cent in the previous year. Inflationary pressures imported from supplier countries, the impact of world fuel prices, the effects of massive subsidy cuts and the operation of Israel's broad system of indexation were all factors in this development. Nevertheless, the undiminished level of government expenditure emerged as the most potent stimulus to the inflationary spiral.

Mid-way through the 1980-1981 fiscal year, the government was obliged to revise its original \$63.5b. budget to \$90.1b., an increase of 38 per cent, and forecast a deficit of \$4.4b., almost twice as much as initially expected. This substantial increment was due to continued government spending beyond the planned limits, on the one hand, and a shortfall in revenue, on the other.

REDUCTIONS in tax revenues of all types were due to the economic slowdown entailed by the corrective policy. This development was reflected in all relevant indices: the gross national product increased by about 1 per cent, industrial production declined by about 5 per cent throughout the year, while there were reductions in investments (15 per cent), productivity (1.7 per cent), the number of industrial

workers (3 per cent) and a rise in unemployment to approximately 60,000, or 4.5 per cent of the civilian labour force. Thus, despite the success in containing the balance of payments deficit, the failure to make headway with regard to inflation proved that the recession was a heavy price to pay.

In this context Bank Hapoalim registered a significant rise in activity, assets and profitability. It played a major role in financing the determined export drive, especially with regard to a large number of the more than 600 manufacturers who entered the field of international trade for the first time.

By assisting in marketing, documentation, credit lines and direct funds, the bank was instrumental in moving these new

customers from their focus on production for domestic consumption to overseas sales. Bank Hapoalim also provided an increased measure of financing for economic development by extending loans to and making investments in all productive sectors.

In a period of runaway inflation, the bank's innovative savings plans attracted large numbers of customers who saw these vehicles as effective means of preserving the value of their disposable income. At the same time, there was a rise in underwriting activities as a large number of financial, insurance, real estate, investment and petroleum companies mobilized funds through public issues. These new issues were factors in the heavy business increase experienced by Bank

Hapoalim's Securities Department. Israel adopted a new currency in 1980, when the shekel replaced the Israeli lira which was in use from 1948. Introduced on February 24, 1980, the new unit circulated alongside the lira, which was gradually withdrawn from circulation at a conversion rate of 1L10=IS1, but accounts were not officially transferred to shekels until October 2. No tax was imposed on the exchange, which was purely technical and designed to improve the efficiency of the Israeli currency. The nation's banks closed for two days prior to "Shekel Day" in order to effect the changeover, and all banking institutions in the Bank Hapoalim Group in Israel made the conversion with efficiency and minimal disruption of operations.

Bank Hapoalim^B_M

CONDENSED CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1980
(Rounded to the nearest thousand U.S. \$)

	1980 \$
ASSETS	
Cash and Due from Banks	4,369,539,000
Securities including Government Bonds	644,878,000
Deposits and Loans to the Government	4,263,366,000
Loans and Bills Discounted	3,811,045,000
Loans from Deposits for Loan Purposes	2,588,246,000
Other Accounts	79,404,000
Bank Premises and Equipment	46,751,000
Customers' Liabilities	1,200,978,000
	17,004,207,000
LIABILITIES	
Capital Reserves and Surplus	228,412,000
Capital Notes	5,686,000
	234,098,000
Outside Shareholders' Interests	46,477,000
Convertible Debentures and Option Warrants Issued by Subsidiaries	3,588,000
Nonconvertible Bonds and Notes	239,391,000
Deposits	8,523,673,000
Deposits for Loan Purposes	2,785,150,000
Debentures Issued by Subsidiaries	3,855,303,000
Other Accounts	115,549,000
Liabilities on Account of Customers	1,200,978,000
	17,004,207,000

CONDENSED CONSOLIDATED PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 1980
(Rounded to the nearest thousand U.S. \$)

Net Operating Income before Taxes	235,624,000
Provision for Taxes	139,225,000
Net Operating Income after Taxes	96,399,000
Outside Shareholders' Interest in the Net Income of Subsidiary Companies	12,675,000
	83,724,000
Net Extraordinary Income after Taxes	986,000
Net Income	84,710,000

The entire report is available in all Bank Hapoalim branches.
The financial statements of the Bank are stated in Shekels.
The U.S. Dollar column has been converted from Shekels into U.S. Dollars at the official exchange rate prevailing on December 31, 1980. I.S. 7.548 = U.S. \$1.00.

Bank Hapoalim^B_M

New York • Los Angeles • Chicago • Philadelphia • Miami • Boston • Toronto • Montreal • London • Manchester • Paris • Zurich • Luxembourg • Buenos Aires • Sao Paulo • Caracas • Montevideo • Punta del Este • Cayman Islands • And 330 branches of the group in Israel.

Sound investment

LOCAL INVESTORS, and an ever-growing circle of overseas investors, have found that it makes good sense to invest their money in the shares of Bank Hapoalim. In the case of Israel, the criterion of a successful investment is that it must preserve its value in terms of the high level of inflation. The annual rise in the Cost-of-Living Index has

skyrocketed in six years from 23.5 per cent in 1975 to 132.9 per cent in 1980.

The table below shows the nominal yield of an investment in Bank Hapoalim shares in each year since 1975. The real yield, taking into account the annual rise in the Cost-of-Living Index is also provided.

Year	Nominal yield of Hapoalim shares %	Rise in C-o-L Index %	Real yield %	Rise in \$ rate %	Dollar yield %
1975	32.8	23.5	7.5	18.3	12.3
1976	50.8	38.0	9.3	25.3	20.4
1977	79.2	42.5	25.8	72.9	3.6
1978	51.2	48.1	2.1	23.6	22.3
1979	109.5	111.4	(0.9)	85.9	12.7
1980	230.4	132.9	41.9	113.5	54.8

ON NOVEMBER 20, 1981, Bank Hapoalim will mark the 60th anniversary of its founding. Its development very much parallels that of the Yishuv and subsequently the State of Israel. Bank Hapoalim was established with clear goals, "to assist, adopt, further and grant financial or any other assistance to all branches of activity of the institutions, federations or groups organized by the workers for the purpose of improving the conditions of their members, and to do so in accordance with cooperative principles."

The bank's founders were the Histadrut and the World Zionist Organization, the latter making available 40,000 Egyptian Pounds in the form of a repayable loan fund. Berl Katzenelson, Mania Shochat and Joseph Baratz, three prominent personalities in Palestine's labour movement, travelled to the U.S. to sell shares in the new bank. They had hoped to sell \$250,000 worth of shares, but the enthusiastic threesome had to settle with the sale of \$35,000 worth of shares.

The Histadrut and subsequently Hadrat Ovdim, which was set up as a holding company for Histadrut enterprises, aimed at providing an independent labour economy offering employment in its own enterprises, whether industrial or agricultural. Bank Hapoalim was to be the financial institution serving the needs of the kibbutzim, moshavim and of building, transport and light industry groups. Solel Boneh, the public construction cooperative; Tnuva, the agriculture marketing cooperative; and Yakhin, an agricultural workers' cooperative, were also assisted to various degrees.

The bank's activities were modest, and by 1932, its capital funds of 89,900 Egyptian Pounds exceeded deposits, which totalled only 76,500 Egyptian Pounds. However, the bank had weathered a period that had been difficult, both economically and politically.

From 1932-1935, a time of general prosperity in the Yishuv and relatively large immigration to Palestine was reflected in Bank Hapoalim's rapid growth. The increase in the bank's deposits radically changed its capital-to-deposits ratio. The Italian-Ethiopian War in 1935 and the disturbances of 1936 marked a setback for the fledgling banking system. The stopping of immigration and the continuation of the disturbances resulted in an economic crisis that



Growing together

JOSEPH MORGENSTERN traces the 60-year history of Bank Hapoalim

lasted until World War II.

IN SPITE OF economic difficulties, the bank continued to expand. Avraham Dickstein, on behalf of Bank Hapoalim, went to the United States to sell shares, as well as to solicit deposits. Whereas the first fund-raising drive in 1921-22 was carried on by a group of ideologists, this second drive was undertaken by a man who, while he had burning faith in the future of the Yishuv economy, also understood the importance of talking "business" to the U.S. Jewish community. With the assistance of Supreme Court Judge Louis Brandeis, the young Dickstein raised some 140,000 Palestinian Pounds (LP) by convincing wealthy Jewish businessmen that investing in Bank Hapoalim and Israel's economy was a sound business proposition.

Palestine enjoyed economic prosperity during the war years. The Histadrut sector expanded considerably. Solel Boneh, Koor Industries, Hamashbir Hamerkazi and Tnuva were major factors in the country's economy. Bank Hapoalim's continued modest rate

of growth saw deposits of LP3.2m. by 1946, which signified a doubling of deposits in real terms.

One of Dickstein's major achievements was to assist in the formation of Ampal, originally the American-Palestine Trading Corporation, and later, the American-Israel Corporation. The aim of this American corporation was to draw funds in Palestine on a purely business basis. The company's founding date, December 7, 1941 — Pearl Harbour Day — was less than auspicious. Yet by February 1942, the company had a share capital of \$50,000, and this rapidly grew to \$2m., including debentures in circulation, by 1946.

With the establishment of the State, Bank Hapoalim joined in providing the financial muscle required by the young country. Its activities transcended its cooperation with the Histadrut sector. In 1950, the bank merged with the workers' loan and savings society of Tel Aviv and, as a result, became the country's third largest banking institution. This was followed, in 1957, by a merger with all other such societies except that in Jerusalem,

which merged with the bank in 1961. The bank system was enlarged both in the major cities and in the newer settlements. Bank Hapoalim started to provide wide-scale services to individual clients.

During these years Bank Hapoalim pioneered in Israel the concept of special purpose savings plans. Dan Haseen, perhaps the best known of these plans, started to teach children the importance of savings. Additionally special plans for high school education (before fully free tuition was introduced), and plans for soldiers and for university education were initiated first by Bank Hapoalim.

Early on, in the first few years of the country's existence, Bank Hapoalim also established provident funds and pension plans. These funds became important sources of credit both for individuals and associations, and they were characteristic of the bank's way of employing public funds for purposes of developing the economy.

By the early 1950s, Bank Hapoalim undertook to separate the long-term leading function from its daily activities as a commercial

bank. Specialized financial and banking institutions were established. These included the Housing Mortgage Bank Ltd., now called Mishkan Hapoalim Mortgage Bank Ltd., and the Israel Industrial Development Bank Ltd.

Ampal, Bank Hapoalim's American affiliate, played an important role in Israel's development in its own right, not only by providing a profitable investment outlet for American businessmen and much-needed capital for Israeli industry, but also by aiding the State in ways that went far beyond immediate business concerns. Thus in 1948 Ampal leased several ships to carry vital cargoes to Israel when no insurance company would cover vessels heading to that destination. Ampal was also a major factor in establishing Lapidot, the Israeli drilling company, which was the first to strike oil in Israel. The Israel Development Company (IDC), which later merged into Ampal, was established in 1950 to take equity positions in Israeli companies.

In the 1960s, the government's new economic policy gave foreign trade and other international economic dealings great impetus. This encouraged Bank Hapoalim to begin to expand its international foreign currency business. Bank Hapoalim also took part in the mobilization of foreign capital for investment in Israel, aside from the activities of Ampal and its subsidiaries.

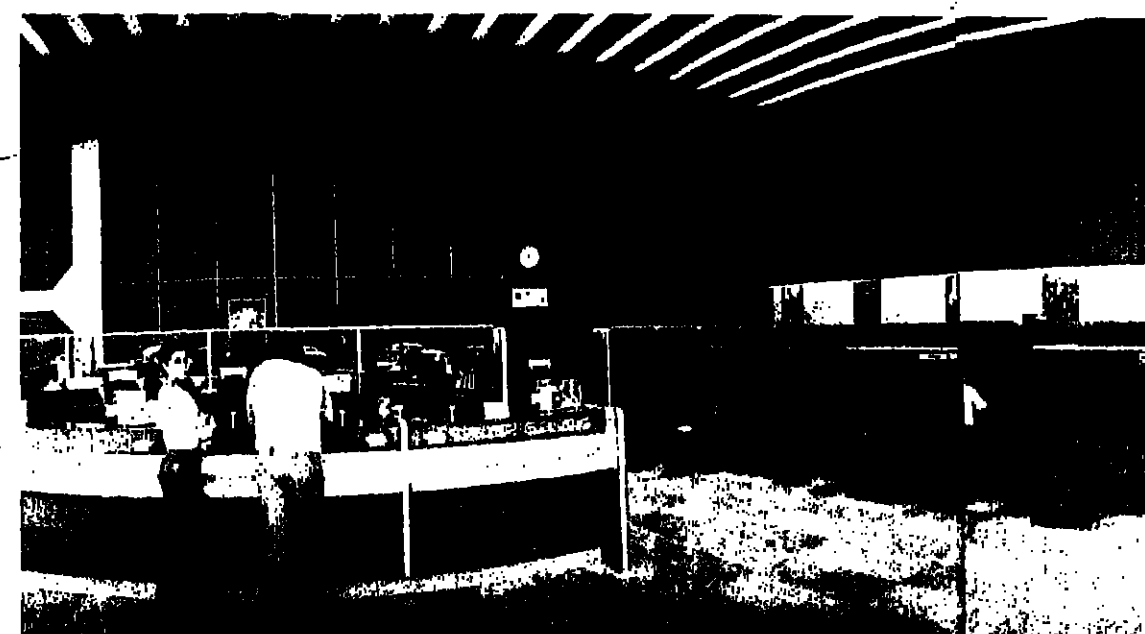
THE AFTERMATH of the Six Day War saw an upsurge in economic activity. The Bank of Israel was forced to implement restraining measures. Yet just when bank activities were being curtailed, Bank Hapoalim, which had been an extraordinary burst of development.

Over the past dozen years the bank has enjoyed what could only be described as unparalleled growth. Its balance sheet volume has multiplied 676 times (31 times in U.S. dollar terms). This was called the "quiet revolution."

However, it was most visible, as the bank expanded into new areas of banking business, both at home and abroad. Under the dynamic leadership of Ya'acov Levinson, Bank Hapoalim has achieved one of the fastest rates of growth of any banking institution in the world. In its Israel and overseas operations it has become an international financial institution, in quality and size, ranking among the largest in the world.



Automatic banking with the Bank-Kat; one of Bank Hapoalim's modern new branches in Tel Aviv; teller uses computer terminal to check client account.



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APRIL 1981

JEWISH OBSERVER

PAGE THREE

Ghetto revolt remembered

This month is the 38th anniversary of the Warsaw Ghetto
Dr. S. Levenberg shows the connection with London.

THERE IS A NEW generation which knows very little about the revolt in the Warsaw Ghetto 38 years ago (April 1943). One of the popular stories is that nothing was known about it in the outside world. This is a complete distortion of the truth.

I had a glance at the London weekly *The Zionist Review* which I edited during the Second World War. It appears from it that Anglo-Jewry was kept fully informed about the Holocaust. I would like to give a few examples. The paper published a report on February 12, 1943 under the heading "Only third of Polish Jewry still alive."

On February 19, 1943, the journal carried the text of a letter printed in *The Times*: "A helpless nation is being assassinated — an appeal to the conscience of the world."

A *Zionist Review* editorial on February 26, 1943, read as follows: "The wave of massacres continues unchecked. Those who are still alive are waiting for death. The number of suicides is increasing daily. Little children, women, old people — none are spared by the enemy. What is the reply of the democratic governments to this tragedy unparalleled in the annals of human history?"

On March 26, 1943, the organ of British Zionism quoted a BBC broadcast which announced that the Jews of the Warsaw Ghetto had revolted and begun to offer armed resistance to the Nazi butchers.

On April 30, 1943, a front-page editorial "The Ghetto fights back" appeared in the *Zionist Review*. It stated as follows: "It is now more than a month since a report from Poland reached us that the Jews of the Warsaw Ghetto had revolted and begun to offer active and armed resistance. Since then other reports have come through which fully confirmed the news... Behind the news from the Ghetto is a tragedy unparalleled in the annals of modern history... The day will come when the epic of heroism displayed by the Polish Jew in



A Jewish fighter with her jubilant Nazi captors during the Warsaw Ghetto Revolt. (Yael Vashem photo)

Face of adversity will be made known to the world...

One of the most moving books on the subject was published — in Hebrew — by the late Zivia Lubetkin — a great heroine of the Warsaw Ghetto revolt, a member of Kibbutz Lohamei Hagetaot in Western Galilee; it is a faithful record of Jewish suffering and resistance in Poland.

I knew Zivia — and a number of other leaders of the Revolt — as rank and file members of the Warsaw "Hachalutz" prior to the Second World War. They were ordinary people, without any obvious leadership, preparing for a pioneering life in Eretz Israel.

Zivia who, later, became a member of the World Zionist Executive, once told me that she used to read my articles in the Polish Zionist magazines and that we last met in Geneva — a few days before the outbreak of the war. A person of great modesty, she told me: "You can't remember me — I was just a girl — but I remember you."

Zivia made Jewish history. We made formal acquaintance in

London where she attended the first post-war World Zionist Conference. She told — with great simplicity — about her many journeys from the Soviet to the German force in Poland as the secret envoy of the Labour Zionist resistance. Her husband, the famous Aniek (Zuckerman), succeeded Mordechai Anielewicz as the commander of the revolt in the Warsaw Ghetto. A person of a retiring nature and few words, he now lives quietly in his kibbutz.

The Jewish fighters in Poland's underground movement, the ŻOB, they waited for the right moment to come. The few survivors managed to reach the "Aryan side" of Warsaw where they lived "an underground existence" till the defeat of Germany.

People in London — Jews and non-Jews — knew what was happening in the Ghetto but the plea of its inmates for assistance remained unanswered. Why? There are many answers but not one could be accepted as satisfactory. There are many "guilty men..."

By GEOFFREY ALDERMAN

IS ANGLO-JEWRY a community of British people of the Jewish persuasion, or of Jews who happen to hold British citizenship? This question was fiercely debated long before the advent of political Zionism; indeed, it was a central pre-occupation of Anglo-Jewish leaders during the struggle for political emancipation in the nineteenth century, and it was mirrored by similar arguments elsewhere in the European Diaspora, particularly in Germany. Many German Jews believed that anti-Semitism could be swept away by assimilation; some willingly chose baptism. It was all a horrendous mistake.

In Britain, the advocates of assimilation fought on, and the re-establishment of the Jewish State intensified their craving for British identity. For if the Jews are (as I believe) a nation, and Israel their nation-state, are not the Jews of the Diaspora a nation-in-exile? How can they be loyal to their national identity and to their country of birth or naturalization? Should not those Jews who regard themselves as members of a Jewish nation emigrate to Israel, and should not the rest submerge themselves, chameleon-like, in their countries of residence, and lose their separate

So the nature of the relationship between the Diaspora (where the majority of Jews live) and Israel (the nation-state of the Jews) has become a topic of intense interest in the quest for Jewish identity. There

Assimilation: the case against

Jewish identity as quickly as possible?

For Zionists, too, the existence of Israel has brought problems of identity. Not only has Israel not liquidated the *Gallus*; it is clear that at the moment it simply could not do so. If the Soviet Union suddenly kicked out its entire Jewish population, Israel could not (short of a divine miracle) cope unaided with the consequent economic and social burdens. And it is clear that the Jewish communities of the West are, at the moment, too snugly bedded down to feel the need of aliya. For the time being, therefore, the Diaspora is here to stay. How are Zionists to reconcile themselves to this state of affairs? In particular, how can they argue in favour of Jewish national self-determination when they know that mass immigration to Israel is not a viable proposition?

are those who argue that the whole of world Jewry is a Diaspora, and Israel merely a part of it. Whether this view is put forward to counter the charge of "dual loyalty," or whether it is advocated to save the consciences of those "Zionists" who can never contemplate aliya, I do not know. But its effect is to diminish the centrality of Israel for the future of the Jewish people, and to strengthen the arguments of

those who, however paradoxically, view assimilation as the only long-term recipe for Jewish survival.

But the lessons of history teach us that assimilation is, literally, a dead-end. There is absolutely no way in which a Jew can erase his Jewish identity. Nor can any Jew honestly take refuge in the supposition that he differs from the Gentile only by virtue of his religion. Jewish worship is a political affirmation, of

which the State of Israel is the tangible reality.

The fact that the majority of Jews live outside Israel is, in this sense, irrelevant. In my view, the presence in the Western democracies of large numbers of Jews, dedicated in their commitment to Israel, is a crucial element in the underpinning of Israel's future security. That security is not only important for the survival of democracy. It is the only long-term guarantee of the well-being of the Jews.

(Dr. Alderman is Lecturer in Government, Royal Holloway College, University of London).

Nin SDP Friends of Israel in search of a framework

By S. GOLDSMITH

IN INTERNATIONAL relations, as in any other sphere of human endeavour, friends are preferable to enemies. It is, therefore, quite proper to say that it will be the attitude of the new British political party, the Social Democratic Party (SDP), to Israel. It is much too early to even try to guess at an answer to this question. The new party has only just begun life. We do not yet know the full scope of its membership. Even its catchment area remains vaguely defined. All we have is 12 articles of faith.

As to prospects in the eternal struggle for power — the initial response of the public is good. But under the British electoral system this is not good enough. A party can collect several million votes and end up with less than a dozen members of parliament. For it is "first past the post," and all the rest of the votes in a given constituency go down the drain. The Liberals have been suffering from this system for two generations. Even an alliance between the SDP and the Liberals is no guarantee that the combined list will do better.

However, one practical question at the level of support for Israel arises right away. What is going to happen to the members of Labour Friends of Israel who have left the Labour Party and gone over to the SDP? Obviously, they cannot remain on the list of the Labour Friends because it is composed of members of the Labour Party. Whether somebody will take an initiative to form a group of SDP Friends of Israel remains to be seen.

Whom have the Labour Friends of Israel lost?

First of all William Rodgers, a former senior minister and one of the "Gang of Four," the four founding fathers (one is actually a founding mother) of the SDP. The others are: Tim Bradley, Richard Cawshaw, Tom Ellis, John Horam, Edward Lyons (Jewish), Neville Sandelson (Jewish). Also, two members of the House of Lords, both active peers: Lord Sainsbury

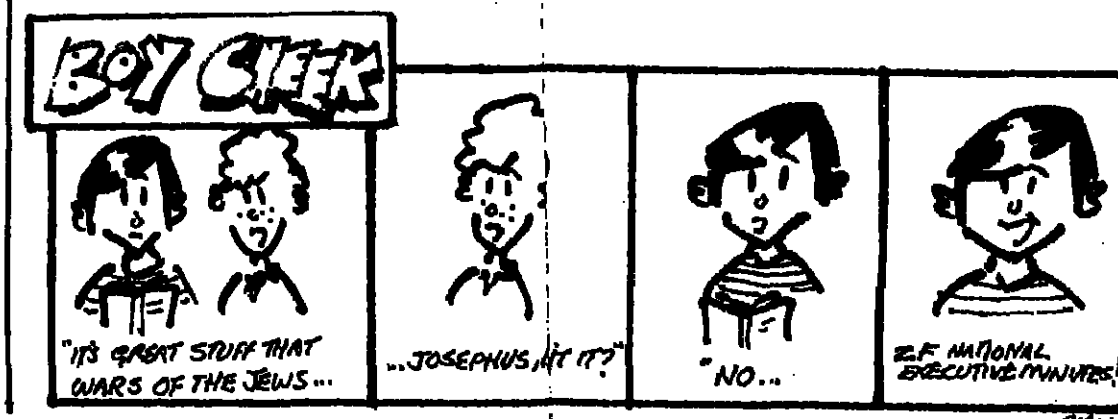
and Lord Weidenfeld (Jewish). Naturally, they do not cease being friends of Israel but they are in a limbo as far as a framework is concerned.

It was, of course, the state of the Labour Party which brought about the creation of the SDP. Its creators had decided that it was a hopeless struggle against impossible odds to keep the Labour Party social democratic, as it used to be. They could even live with a never applicable Clause Four (the nationalization of the means of production, distribution and exchange) but they could live no longer with the trade union block vote and the domination of many constituencies by sundry Marxists, Trots and even fellow-travellers of the Communists of today.

As to the 12 articles of faith, only one deals with foreign policy — a declaration of loyalty to the Common Market. This does not necessarily mean that all the members of the SDP to date like the Venice Declaration on the Middle East.

As to the known attitudes of individuals, Shirley Williams, Roy Jenkins and William Rodgers are friends of Israel. David Owen used to be but he seems to have caught the Foreign Office bug during his tenure as Foreign Secretary. Still, one would not consider him an enemy. None of the Arabists among the Labour MPs has joined the SDP. On the other hand, our experience with the Liberals has been disappointing of late. They have lost their traditional pro-Zionist stance. (The Conservative Balfour could never have issued his Declaration had not the Liberal Lloyd George enthusiastically favoured it. He was a strong prime minister). The conclusion must again be — wait and see.

The only acute problem is the harnessing of the good will towards Israel residing among individuals within the SDP, who find themselves now outside the framework of the Labour Friends of Israel, and among the new members who stream into the new political party.



ECONOMIC OPINION

ECONOMISTS have only recently begun to realize that the inflation we have had for the last four years is no longer the same — in causes, effects and mechanism — as that of late 1973 to 1977, and that a different malady calls for different remedies.

The inflation of 1973-77 represented a crash effort to absorb part of the vast direct and indirect cost of the Yom Kippur war and, particularly, to keep the economy solvent in its foreign payments. The imposition of inflation as a tax designed to depress domestic demand was the only way to do that.

By 1976 — and possibly earlier — the need for this shock therapy had become less urgent, if not altogether superfluous. Economic growth might have been restored. Inertia, an excessively timid economic policy and, from the end of 1976, an election campaign, prevented that, but in the first half of 1977 inflation showed signs of a downturn.

The "economic upheaval" wrought by former finance minister Simha Eshkol and company in October 1977 (soon after the Likud came to power) in a demonstration that the Liberals meant economic liberalism, gave a fresh boost to inflation and transformed it into a process that, carried along by the increasingly important role played by expectations, largely maintains itself through its own momentum. As inflation rose, costs, prices and — with a highly important greater lag — wages came to be adjusted more frequently.

AN INFLATION in which virtually all prices are adjusted frequently no longer significantly redistributes income. If the process were perfect, inflation would no longer have any point — nobody would lose by it and nobody would gain. And that would make it possible to end it more easily and more quickly than the type of inflation we had between 1973 and 1977.

However, the process is not perfect. Wage adjustments have become more frequent — enough to accelerate inflation from the cost side and mitigate the fall in real wages, but not enough to make inflation pointless in the short run.

The remedy is not to be found in measures to depress demand, but in breaking the cost-price-wage spiral — and to do so through several measures that must be applied together and at one stroke, rather than singly and gradually.

The two cost factors that determine the price level and its movement (assuming that indirect taxes

Putting out the fire

Inflation will only be stopped through the application of several measures at one stroke, rather than singly and gradually, writes Post Economic Editor MEIR MERHAV in this final article in a three-part series.

remain constant & that gross profits are a constant mark-up on costs) are imports and wages. Each of these accounts for some 20 per cent in the total cost of all transactions in the economy. The rest are so-called inter-industry transactions — the purchases of goods from another — the cost and prices of which are, in turn, determined by the two primary inputs of imports and labour.

The first step in stabilization programme must therefore be the restoration of a fixed exchange rate. This will keep the domestic currency cost of imports from rising and pushing up price. (There is little we can do about the world inflation we import as long as our imports exceed our exports, except to offset it by higher productivity — and that will only come with renewed growth.)

The stock argument against stabilizing the exchange rate is that a fall in the relative price of imports will increase the demand for them, and that the profitability of exports, now propped up by devaluation, would fall, so that the trade gap would grow. This argument evidently assumes that domestic costs and prices will continue to go up, whereas a comprehensive stabilization policy will see to it that they do not.

Still, the previous high inflation may leave a backlog of cost pushes and outstanding price adjustments, and some time will elapse before the best-laid stabilization plan will make domestic inflation peter out. In the interim, a relatively lower price of imports may increase the demand for imported final consumer goods. These account for some 15 per cent of total imports, and any increase that may result is not likely to be very significant.

The demand for raw materials, semi-manufactured products and investment goods, which make up the remaining 85 per cent, is not likely to be affected appreciably. Being derived from the demand for domestic goods, it is not highly responsive to price changes. In any event, some deterioration in the

trade balance may be a small price to pay for the restoration of stability.

THE SAME reasoning applies to exports. Stopping the devaluations while there is still a backlog of inflationary pressures will make exports less profitable. A short-term decline may have to be accepted; it may be well to remember that without price stability there will be no investment and growth, and without these, exports are bound to cease growing sooner or later, and may even shrink.

There is, moreover, some doubt whether the growth of exports — which is politically a holy cow and the excuse for getting government subsidies — improves the trade balance by as much as is commonly imagined. Exports may, and apparently do, come partly at the expense of import substitutes. A fresh look at the notion that growth must be predominantly, if not exclusively, through export expansion is, in any case, in order.

At the same time as import costs are stabilized, the recurrent ascent of labour costs must be halted. Paradoxically, however, this can only be done if the adjustment of wages is first accelerated and made complete. Only that will eliminate the last important redistribution effect that inflation still has, in the short run, and lay the ground for an agreed price and wage freeze.

With a monthly inflation rate of 7 to 8 per cent, the loss of real wages that accumulates between one quarterly cost-of-living allowance and the next is 22 to 25 per cent. It is rank illusion to expect wage earners to absorb that, even as a one-time sacrifice for the greater good of the country and of their employers, with whose prices they try to catch up periodically. No social compact, or "package deal," is thinkable in such circumstances.

The situation would be different if wages were adjusted monthly, as are prices. The outstanding backlog of unadjusted wage rates would then be the monthly rate of inflation — 7 to 8 per cent. That is a much

more tractable figure, but even that would not — and should not, as a matter of equity — be absorbed mainly or only by wage-earners.

The government can bring about a breaking of the wage-price spiral by interposing a "subsidy" to labour costs in the form of a reduction of the income taxes on wages — for example, by raising the tax threshold and increasing the spread between the lower tax brackets — as part of a tax reform needed on other grounds as well.

AT THE PRESENT RATE of inflation, the monthly wage bill will, by September 1981, be some IS8b. To IS9b. If wages were adjusted before that date on a monthly basis, the monthly cost-of-living allowance payable then would be some IS600m. To IS700m. If the government was to foot the entire bill, this would mean a permanent loss of tax revenue of IS7b. to IS8b. a year — roughly one-third of the total income tax on wages in 1981.

High as this seems, it is not inconceivable, in certain conditions, and by comparison with some other expenditures of the government.

However, it is not necessary for the government to bear the whole cost. The workers, who continue to lose part of their real wages even if nominal wages are adjusted, must bear the rest. If they forgo part of the cost-of-living allowance, if this will help restore price stability and stop the erosion of their real wages. Last but not least, the producers will have to bear their share.

Halting the rise in the two determinant cost factors — imports and labour — will probably not stop inflation in its tracks. Unforeseen backlogs may still persist, albeit at an abating rate, in pushing prices up. More subsidies, and of complementary kinds, may be required for some time, but these would gradually become smaller.

THE AMOUNTS involved are probably much smaller than those now paid out in subsidies to export credits, to basic goods and services, to investments and others that, far

from slowing inflation, impel it forward. They are probably also comparable to what is now being spent, in a year, on West Bank settlements, and they might be saved from there.

As a last resort, however, the much-calamined money printing press may be enlisted to finance the cost of a stabilization programme that will cause that press to be used much less than at present. Even if that generates some inflationary demand pull, that effect will be delayed. A somewhat augmented demand is well within the margin of unutilized productive capacity, and may even assist the take-off into renewed growth.

A universal administrative freeze on prices is unfeasible, but a freeze on the main cost components through massive government intervention, as suggested here, can be implemented and should fairly quickly stop prices from rising.

Still, oligopolistic and monopolistic producers cannot be trusted altogether. The stabilization process should therefore be supported by a tightening up of existing price controls, possibly by the punitive taxation of price hikes unwarranted by cost increases, and — most importantly and effectively — through a cut of customs tariffs on competitive imports. That would establish a ceiling on domestic prices and would, far from edging out domestic products, force oligopolistic producers to increase their output if they wish to maximize profits.

The self-liquidating use of subsidies (and tax reductions) suggested here is likely to cost less, and have greater effect, than the subsidies now paid out as a constant drain. A bucketful of water may be enough to put out a particular fire, but if anyone was foolish enough to pour it on cup by cup, he would get a lot of smoke without extinguishing the blaze, and would in the end need many bucketfuls of water to little effect.

This hit-by-bit, step-by-step approach is what the gradualists, who can only conceive of slowing inflation through depressing demand, have always recommended. It is also what Finance Minister Yoram Aridor is doing now, transparent electioneering apart.

And this affinity is perhaps the reason why the economic spokesmen of Labour find it difficult to come up with telling answers to Aridor, except to say that they will do better at implementing a basically misguided economic policy.

COMMENTARY

The Reagan revolution

ALTHOUGH Ronald Reagan has been president for only three months, it is already clear that he has proposed a course for America which would change its direction more fundamentally than any president has attempted since Franklin Delano Roosevelt, who instituted the New Deal in 1932.

President Reagan has moved swiftly since his inauguration to mobilize the American people behind a dramatically different concept of the role of government, which, if followed, would constitute a "Reagan Revolution."

The Federal budget, which the president submitted to Congress on March 10, 1981, is the instrument through which these revolutionary changes are being made.

Historians have noted that America goes through alternating periods of liberalism and activism, marked by new social programmes and increased activity on the part of the Federal government followed by more conservative periods, during which these new programmes are consolidated and the nation "catches its breath" before a new activist cycle begins.

Thus, the activism of Roosevelt and Truman was followed by an eight-year period of consolidation and conservatism under Eisenhower. John F. Kennedy called for the nation to get moving again and his New Frontier and the Great Society programmes of Lyndon B. Johnson led to a new outburst of activity by the Federal government to try to enhance the general welfare and deal with the problems of black and low-income Americans. From 1968 to 1976, under Richard Nixon and Gerald Ford, the U.S. experienced yet another period of consolidation, although some areas like the environment saw increased Federal activity.

But, since Nixon's election in 1968, there has been no consensus for increased Federal activism and new programmes. Had it not been for the Watergate scandal in 1974, the U.S. probably would have elected an uninterrupted series of conservative Republican presidents. Jimmy Carter's election in 1976 was not the product of a public desire for a new liberal agenda, but was in significant part a reaction to Watergate.

RONALD REAGAN is carrying this conservative trend a step further. His is not a presidency of consolidation, but of fundamental changes. He has made the correction of the country's economic problems his chief priority and has argued that the changes he proposes are a prerequisite to their solution. First, the president substantially rejects the role of the Federal government in providing a broad range of health, education and welfare services, removing inequities in our society, and helping the poor to enter the mainstream of American life — a role which has evolved under Republicans and Democrats since the days of Franklin Roosevelt. The president's budget would reduce the growth in Federal spending in the coming fiscal year from 11.6 per cent to 6.1 per cent, by cutting over \$48 billion from a base of \$730 billion. These represent the most substantial budget cuts in modern times and reduce spending for a whole range of domestic programmes.

Ronald Reagan's presidency will be one of fundamental changes, writes STUART EISENSTAT, who was assistant for domestic affairs and policy to President Carter. Eisenstat is to contribute regularly to the daily edition of *The Jerusalem Post* on U.S. affairs and its significance for the rest of the world. Here is the first of his articles.

Reagan told the nation that it was not the role of the tax system to promote social change. Budget Director David Stockman contended that people are "not entitled to any services" from the Federal government. At the same time, the president has attempted to soften the blow of his budget cuts by not reducing funds for programmes the administration states are "safety nets" for the "truly needy."

Yet, some commentators have noted that many of the programmes saved from budget reductions actually serve the elderly and middle-class whose opposition would stymie the president's whole package.

Second, the president wants to shift responsibilities from the national level to state and local governments by eliminating scores of programmes, and consolidating them into "block grants," to be given directly to the 50 states and territories with little Federal direction on how they should be used.



Even more striking, the president has indicated block grants are but a first step towards completely returning responsibilities for these major areas to the states altogether, with the funding sources to pay for them.

In this vein, the administration has endorsed the "Sagebrush rebellion" — to return use of the public lands owned by the Federal government to the states.

Third, the administration's economic policy represents a substantial departure from that employed by past Republican and Democratic administrations. The progressive income tax system in the U.S. levies the highest taxes on those most able to pay, and the tax reductions proposed by administration over the last 50 years generally have given the bulk of their benefits to the middle- and lower-middle income population.

But, the cuts embraced by Reagan provide greater incentives for the upper-income people in the hope that they will save more of their tax cuts and create funds for business investment, while across-

the-board tax reductions stimulate harder work by everyone.

THE ADMINISTRATION has rejected the economic theories of British economist Keynes less than a decade after Nixon, a conservative Republican president, stated that "we're all Keynesians." Yet it must be said Keynesian economics did not effectively deal with the American economic phenomenon of the 1970's — stagflation, high inflation and high unemployment simultaneously.

He has supplanted for the Keynesian philosophy, based on stimulating the economy at times of high unemployment and destitute when the reverse was the case, "supply-side" economics of tight money, deep Federal budget cuts and deep personal tax cuts, together with incentives for business investment.

If this new philosophy is implemented and works — it will fundamentally change the economic landscape in America.

A fourth departure from the policies of the past is the degree to which the administration believes the private market-place should be the sole allocator of national resources and the best determinate of the fate of individuals.

Thus, the heavily subsidized Conrail railroad system would be sold to private railroads; Federal regulation of the private sector is being substantially loosened; private access to federally owned timber and mineral rights is encouraged, and through the combination of massive budget cuts and massive personal tax cuts, resources are transferred from public to private spending.

Fifth, the administration is substantially shifting Federal budget resources from domestic social programmes to defence programmes. While substantial budget cuts were made in domestic programmes, the defence budget has gone up a whopping percentage, from \$200 billion proposed by Carter to over \$226 billion. Defence spending would be increased from roughly 24 per cent of the total Federal budget to well over 30 per cent over the next four years.

IN ADDITION, the administration has firmly rejected Carter's global humanitarian thrust and human rights policy for a more nationalistic foreign policy emphasizing the projection of American power and influence.

To the extent this moves America out of its post-Vietnam lethargy, it may have positive developments. But the world's problems are viewed significantly through the prism of a bi-polar world — the Soviet Union and its satellites against the U.S. and its allies.

This can benefit Israel since Israel is viewed by the Reagan administration as a reliable ally. However, it also has pitfalls for Israel since anti-Soviet Arab countries are likely to receive substantial arms from the administration. One will have to determine if this view provides sufficient flexibility for a complicated and changing world.

One last element to watch, which could dramatically differentiate this administration from its predecessors, is whether it embraces the "New Right" (to distinguish it from

(Continued on page 17)

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Labour's plan to bring in world Jewry

By MACABEE DEAN
Jerusalem Post Reporter

TEL AVIV. — An international conference in Israel of the world's outstanding Jewish business leaders will be initiated by the Alignment if it is returned to power in the June elections. This was stated last week by Gad Ya'acobi, who is slated for the post of Minister of Industry, Trade and Tourism. Revealing his plans to the press "in general terms," he said that the leaders will not only be asked to consider investing in Israel, but also to set up specific projects here and to provide us with their expertise.

The focal point of his policy, Ya'acobi said, would be to renew the country's economic growth. This would be a springboard to reducing the adverse balance of payments, absorbing new immigrants, attracting professionals

from abroad and reducing unemployment, especially in the development area. The accent would be on industries based on research and development, he added.

"By tight budgetary control, we expect to do this with a minimum of inflation," he promised, going on to attack the economic policy of the Likud, which he said was leading the country to economic catastrophe.

"In the last four years, since June 1977, prices rose 40 times as much as in the 20 years preceding the Likud administration."

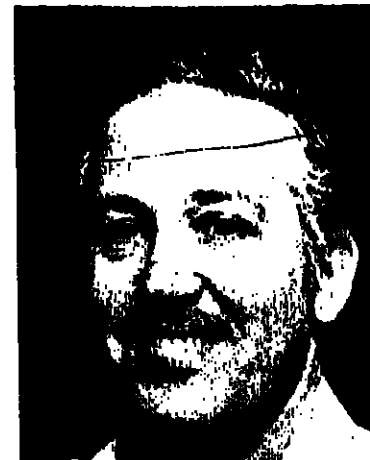
"If prices continue to rise at the same pace over the next four years, as they have over the past two years, by July 1985 they will be 28 times higher than today. One American dollar will be equivalent to IS128; a loaf of bread will cost IS80 and a

litre of milk IS130."

Ya'acobi planned not only to set up a city built on science-based industry between Carmiel and Ma'alot (in Galilee), but also to expand the activities of the present science-based industrial parks affiliated with the institutions of higher learning. "We plan to increase employment in industry by 50 per cent, that is, another 150,000 workers. Of these, 50,000 will have academic qualifications." Steps would be taken to double tourism within eight years.

"All this would increase exports from \$10b. today to \$20b. in four years."

Commenting on how he expected to step up industrial exports, he said "a mixture" of methods would be used. These would include incentives, special credit arrangements, guaranteeing the return in shekels



Labour's Gad Ya'acobi

on money earned in foreign currency, and other methods. "Our aim is to increase exports of those goods which earn the highest added value," he said, pointing out that under the present administration, the exact opposite was true.

Pay rise for ministers

By SHLOMO MAOZ
Post Economic Reporter

The salaries of ministers and senior government officials are now 141.6 per cent higher than a year ago. This results from an automatic increase instituted by a 1980 decision of the Knesset Finance Committee.

The Accountant General's Office ordered the salary boosts to match a 133.5 per cent rise in the consumer price index over 12 months beginning last March.

With the increases, the prime minister now earns a gross monthly salary of IS21,716 (IS12,720 net), a minister, IS19,296 (IS11,720 net), and a deputy minister, IS18,096 (IS11,240 net). In addition, the ministers and their deputies receive an allowance for car maintenance and travelling expenses.

A book fair is no place for a journalist. After all, as Jules de Goncourt pointed out, "That ephemeral sheet of paper, the newspaper, is the natural enemy of the book, as the whole is of the decent woman."

On the other hand, most of my working life has been connected with the manufacture of books and, even before that, ever since I bought a copy of *The Pilgrim's Progress* off a barrow for tuppence at the tender age of 10, I've loved them, gazed over them, "rapt clean out of my senses," as Robert Louis Stevenson put it.

I even love the smell of them, for goodness' sake.

Years ago, I realized that I was addicted when, about to buy a book in Steimatzky's, I suddenly remembered that I already owned a copy and regretted that I did because I was unable to buy it all over again.

Anyway, I was fairly sure that de Goncourt wouldn't see me, so I did visit the Tenth Jerusalem International Book Fair and fairly followed in it. There were books of all sizes and shapes from 46 countries — six of them attending for the first time — art books, Books of Hours, medical tomes and even Victorian pop-up children's stories. Umpteen national stands displayed the works of Graham Greene, this year's Jerusalem Prize winner, in an astonishing variety of languages.

There were even paperbacks at prices people could afford. I did spot a copy of *Book of Hours* and one mysterious title on Japan's Kodansha stand, *The Rape-Sponge Cucumber*, but there was nothing to compare with a book exhibited at Frankfurt by Prentice-Hall, *The Joy of Chickens*. Old Jules might have permitted himself a wry smile if he had spotted me examining a copy of *The Madam as Entrepreneur: Career Management in House Prostitution* by Barbara Sherman Heyl.

"Publishers are usually not very intelligent," Le Roi Jones once wrote, "or they might be intelligent but it's usually hard to tell."

I've found the opposite is true; and, unlike some other businesses, publishing is still, as it was once termed, "an occupation for gentlemen." Despite all the publicity about multi-million dollar deals for trashy bestsellers, many publishers still occasionally embark on what they know full well to be a financially indefensible course simply in order to bring an unknown author to the attention of the public.

"I don't come expecting to do a great deal of business," Irv Goodman, president of Viking-Penguin, told me, "but there is a wonderful opportunity to meet people here. The Israeli management function very well as hosts and take very good care of us. At Frankfurt we generally only have time for business, for buying and selling. Here, they make sure we have the opportunity to meet foreign publishers and to make friends, swap ideas and generally talk about books."

Mr. Goodman, who was attending the Jerusalem fair for the third time, had been advising Israeli publishers on improving and marketing their products and had devoted some of his time while in



Manuel Aguilar, (Spain's *Altalena Editores*, and Beth Elion of Jerusalem's *Keter publishing house*, discuss a project in the Exhibitors' Lounge at the fair. (Harari)

Fair aisle patter

Alex Berlyne

Jerusalem to advising the Israel Museum on presenting projects and selling them abroad.

Alewyn Birch, of Britain's *Friend of the Book* group, one of the recipients of the Friend of Jerusalem Award — equivalent to the Freedom of the City — was attending his fifth fair. "I've always been an enthusiastic supporter," he told me — and his record supports his claim. This time, he was responsible for persuading the Austrians to attend the fair.

Now does the JISF differ from the other book fairs he attends? "It's smaller, more intimate in character and yet has a certain style — a style that befits an international centre like Jerusalem. People come here who are seriously concerned with books."

"I don't feel lashed as in Frankfurt," he added. "You can really get to know people here. At the end of the day, it's not so much what you know," he points out, "but who you know, and Jerusalem does give you the opportunity."

Again, like other publishers I spoke to, Mr. Birch had been generous with his time, advising local publishers.

Alewyn Birch, whose group includes the Panthe and Palatin imprints, expressed satisfaction with the amount of business the fair had generated. He had bid a number of foreign rights, he told me, "certainly enough to pay my expenses."

David Hoy and Michael Hodge of Guinness Superlatives were very pleased with the success of the Hebrew version of *The Guinness Book of Records* with Carta put out four years ago and has now run through three editions. It was done very sensibly, they pointed out, not simply translated but with explanations added of games and sports which are relatively unknown in Israel and Carta even added a number of local records. Another title, Leonard Malt's *The Guinness Mathematics Book* has just been optioned by Carta, designed to teach

basic mathematical principles to children. It cleverly uses the fund of fascinating facts and figures contained in *The Guinness Book of Records* to encourage skill in mathematical thinking and, above all, to generate the enthusiasm necessary for serious application to the problems. Absolutely packed with gimmicks, it is probably the first school maths book designed to be dipped into for pure enjoyment.

That book publishing and bookselling have certain similarities to bookmaking at a race track was made fairly clear when Mr. Hoy told me the story of the first edition of the *Guinness Book of Records*. Guessing the odds correctly is the secret of success in both professions, yet the giant W.H. Smith chain — whose bookshops and bookstalls blanket Britain — guessed wrongly when the first Guinness book was published in 1955. They reluctantly ordered six copies. Now they take 110,000 annually.

Israel's newest imprint, the Domino Press, was represented at the fair. The Jerusalem-based firm consists of Gideon Shamir and Deborah Harris and their first book, Thurston Clarke's *Of Blood and Fire*, which deals with the bombing of the King David Hotel in 1946, promises to bring out "facts never before revealed." Publication is scheduled for September.

In early winter, Peter O'Donnell's female version of James Bond, *Modesty Blaise*, will make her first appearance in Israel. Domino is also planning a new series of contemporary romances for women readers, a field hitherto neglected here. "It will be introduced in the autumn and developed as a book club, offering these titles at reduced rates," Deborah — whose experience includes a stint with the American Book-of-the-Month Club — told me.

TAKING leave of the Domino Press, I noticed that by some strange coincidence a nearby stand had a display of Mills & Boon novels. For the benefit of the uninformed I should explain that these

are probably the only books in the world that are bought by the imprint. British booksellers are quite accustomed to hearing customers asking for "the latest Mills & Boon."

Under the colophon of "The Rose of Romance," Mills & Boon put out their list in four sections:

Romances
Best Seller Romances
Doctor Nurse Romances
Masquerade Historical Romances.

At the Jerusalem fair, the display of M&B titles, each showing a pair of romantic lovers on the cover, sweetly delineated in watercolour tints, was for some unfathomable reason placed cheek by jowl with a selection of soft porn magazines bearing such titles as *Partner* and *Swank*. I had the distinct impression that the Mills & Boon girls were blushing a rosier pink than the firm's production manager had intended.

The girls' mags may have been those exhibited at the Cairo Fair at the end of January. The English-language *Egyptian Gazette* then stated that 26 countries were exhibiting at 200 pavilions. Reporting this, the British trade journal, *The Bookseller*, commented, "as the official catalogue indicated only nine pavilions, it must be assumed that the 200 erections referred to were actually exhibitors' stands."

The greening of Jerusalem

Jerusalem Prize winner Graham Greene told local and foreign journalists that there have been "tremendous changes for the better" in Jerusalem since he visited the city in 1967. Unlike in other cities, he said, the new buildings in Jerusalem "enlarge the character of the city, rather than destroy it." Greene felt "much less latent hostility this time," and was quite impressed by the work done on the walls of the Old City, as well as by the trees and gardens planted throughout Jerusalem.

Greene told the correspondents that winning the Jerusalem Prize means "the opportunity to come here." He insisted that his knowledge of the Middle East crisis was limited but nevertheless said that Jerusalem should not be divided again, and that he was "more afraid of terrorism for the future of the world, than of communism."

Greene described the new novel he is in the process of writing as the story of a priest who is a descendant of Don Quixote and roams around Spain with his own Sancho, an ex-communist mavor.

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Writers for sale

THERE WAS a time when nearly every publishing deal was made directly between the Israeli publisher and his counterpart abroad. The concept of an agent in the middle was virtually unknown. The Bar-David Agency, founded by the late Jaap Bar-David in 1949, did exist, but its overall involvement in the local publishing milieu was minimal at best.

In 1975, the situation changed radically with the appearance of a dynamic young American-born and educated woman called Barbara Rogan. With no financial resources — during her first year, she held down a morning job as production manager for a local publisher and taught English in evening school — she built up what is today — undoubtedly Israel's largest and most successful agency. It is also, ironically enough, the oldest-established of all the independent agencies.

Rogan, not yet 30 and recently

married to a professional musician, is still enthusiastically single-minded about her profession and its challenges. With a long list of major publishers whom she represents, she is now very selective in her choice of new clients.

She sees herself as being especially strong in the field of serious literature, non-fiction, science fiction and children's books. Her list of clients, which include Random House, Knopf, Bantam, Dell, Harcourt Brace, Farrar Straus and Giroux, Putnam, André Deutsch, and many others, clearly attests to that.

CURRENTLY, four other agents are actively seeking a share of the market. The only male in the group is a polyglot, urbane 34-year-old Englishman called Peter Halban, who has been living in Israel since 1975.

Halban probably has more direct publishing experience than any of the others. After graduating from Princeton, he worked for Weidenfeld and Nicolson in

London, and then spent several years with the prominent British literary agency Peter Janson-Smith.

After a stint as director of the Mishkenot Sha'ananim guest house in Jerusalem, he set up his own agency two years ago and already has a list of clients including Oxford University Press, Weidenfeld and Nicolson, Doubleday and Fayard.

Halban acts as Israeli sub-agent for Curtis Brown, Julian Bach and Erich Linder, all leading literary agents overseas.

THE NEWEST agent is a very young (although her age "is a secret") Sabra, Orly Pecker. Her father, Yair Pecker, runs a company called Israel Television Enterprises which specializes in merchandising and subsidiary-rights sales, representing such personalities as Mickey Mouse, Donald Duck and the rest of the Walt Disney clan, and the Muppets.

The Pecker family purchased the old Bar-David Agency, lock, stock and barrel in September last year, and Orly Pecker has been the whirlwind of the book trade since then.

The agency, now renamed the Pecker Literary Agency, inherited many of the old Bar-David clients and is adding some of its own. These include Harper and Row, Mitchell Beazley, Scribner and Knopf, and the sub-agency of several well-known foreign agencies such as Deborah Rogers, William Morris and David Higham.

THE OLDEST agency in Israel is actually a subsidiary company of the Israel Book Publishers' Association. While it does sell books to non-members, its main effort is aimed at the 90-odd members of the association. (In Israel, unlike other countries, quite a large proportion of publishers, including some of the most important, are not members of the local association).

This agency has been run for the last nine years by Glasgow-born Lorna Soifer. A former English teacher, she has other duties at the Publishers' Association so that the agency is by no means a fulltime responsibility.

Nevertheless, it has several exclusive representations including Simon and Schuster, Arco, St. Martin's Press and Scribners and acts as sub-agent for the Robert Lescher and Ted Brown agencies in New York.

THE FIFTI agent is another young lady in a hurry. Twenty-eight-year-old Julie Gal is a blonde five-foot-nothing Hungarian-Israeli-American nuclear explosion. She is not an agent in the conventional sense, but refines herself as a packager or merchandiser. "I'm a person with a project," she says.

Rather than representing publishers or writers, she takes over certain projects and tries the multi-media selling approach, working on a project from the drawing-board stage right through to its launching.

Asher Weill

The mayor's breakfast

A beautiful nine-month-old brunette and a 95-year-old typophile were honoured as the Fair's youngest and oldest participants at the welcoming breakfast, hosted by Mayor Teddy Kollek at the Jerusalem Hilton.

Eva Rachel (Shoshana) Jaffe, the baby daughter of Marc Jaffe (Baltimore Books and Random House), and Dr. Robert Leslie, the veteran Typophiles of New York, were presented with bouquets by Mayor Kollek, who commented on the lack of a generation gap at the Fair.

The Australian collective exhibit

A special exhibit included the following Australian Commonwealth and individual States' Government publishers:

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New South Wales Government Information Service; Queensland State Public Relations Bureau, Premier's Dept.; South Australian Government Printing Division, Dept. of Services and Supply; Tasmania State Government Printing Division, Lands Department; Victorian Government Printing Office on behalf of the Govt. of Victoria; Western Australia Education Department.

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BUSINESS AND FINANCE

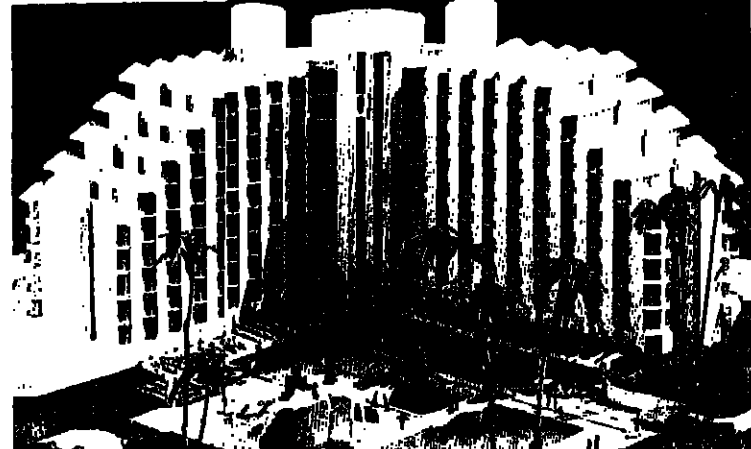
Tiberias building boom under way

Jerusalem Post Reporter
TIBERIAS. — A wide-ranging construction, management and investment programme totalling millions of shekels is now being planned and executed by the Hadar Teverya Company here, in the largest such enterprise in the north and one of the largest in the entire country. The latest landmark in the company's network was the laying of a cornerstone recently for a 354-room 4-star hotel near the Tiberias Plaza. The Plaza was built by Hadar Teverya, which is also constructing the Tiberias Club Hotel on behalf of Clarin Company.

Cost of the new hotel, to be completed in two-and-a-half years, is estimated at \$14 million. A unique architectural solution to the presence of the ruins of a Crusader church unearthed at the site calls for the swimming pool to be raised above the antiquities, which will be accessible in a garden-like setting.

On the day of the cornerstone-laying ceremony, recently, Trade and Tourism Minister Gideon Patt also held a working session with Galilee tourism representatives, and announced that his ministry will invest \$10m. during the coming year in broadening the tourism infrastructure of Tiberias. It was decided to appoint a committee of experts to investigate the construction of a much-discussed international airport somewhere in Galilee, capable of accommodating charter flights from Europe directly to the north.

During the working session the owner and manager of Hadar Teverya, Yair Webman, announced



Model of new Tiberias Club Hotel

that he is prepared to contribute \$1m. toward the construction of the airport, a second million to be provided by a foreign investor.

The Hadar Teverya Company "sees the city of Tiberias as a development project," and indeed a major part of the tourism facilities now mushrooming in this city are being created by the firm. These include a 4,000 sq.m. commercial centre (across the street from another shopping centre being constructed by the Lev Hagall Company), which will house banks and the largest supermarket in the area in addition to other shops; an adjacent marina and restaurant complex, of which the first phase costing \$1m. has been completed. Two pleasure boats for lake cruises will be part of this complex.

The company recently purchased the old Genosar Hotel and planned originally to convert a portion of it into a cable-television facility, until

the reversal of the government decision on this project. It is also building a 6,000 sq.m. industrial centre near the Central Bus Station. One-third of this space has been rented to a company producing window-frames, much of whose output is destined for the hotels under construction. Another third is for a wholly-owned subsidiary to manufacture furniture for the hotels.

Among Hadar Teverya's other projects are 1,000 residential flats built in Tiberias for the Ministry of Housing; 80 "week-end cottages" near the Tiberias Club Hotel; and in the same vicinity, a complex of luxury residential flats.

"Our emphasis has now shifted from construction to management," a company executive told *The Jerusalem Post*. "We intend to control and maintain responsibility for every step in the flow of tourism in order to ensure high quality."

The high price of credit

By SHLOMO MAOZ
Post Economic Reporter

Businessmen paid 42 per cent annual interest for credit in real money terms during the first three months of this year, according to Bank of Israel and Central Bureau of Statistics data. This is the highest interest ever charged by banks in Israel's history.

The cost of authorized overdrafts during the first quarter of 1981 was 69.2 per cent a year in real money terms. The extraordinarily high interest charged for loans was caused by the tough limits placed by the Bank of Israel on the amount of free credit available in the economy.

Businessmen managed to survive, partly by passing the price of credit on to the consumer through the

goods they produce or market, and partly because they can write off the high cost of credit as a tax deductible expense.

In the last 10 months, inflation has stabilized at an annual rate of 133 per cent. In the same period the interest in real terms charged for credit was 22 per cent.

In the last two years wild fluctuations in the rate of inflation and interest have had their effect on the real money value of credit. In the final quarter of 1980, the real annual cost of credit was 8.3 per cent; in the third quarter of the same year it was 29.3 per cent; in the second quarter, 2.2 per cent; and 37.6 per cent in the first quarter. In 1979, banks lost money on credit and the real value of credit fluctuated between minus 2 per cent to minus 17.5 per cent.

Laying the rails to Ashdod

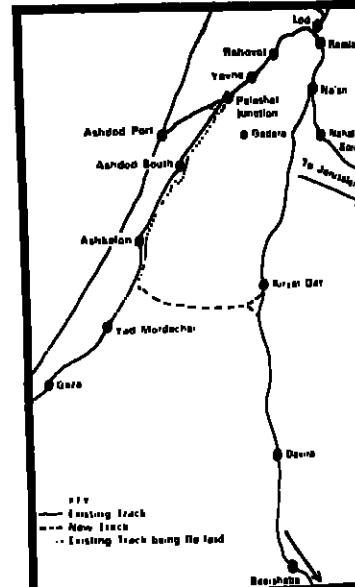
By ARYEH WOLMAN
Jerusalem Post Reporter

With their southbound thrust brought to a standstill at the lonely desert outpost of Har Zin, the 200 construction workers of Israel Railways have turned their attention back to the centre of the country for the first time in over 20 years.

In a three-year \$25m. project, they are re-laying part of the coastal line built by General Allenby during World War I, from Ashdod to Ashkelon, and heading eastwards at a speed of 500 metres a day on a route parallel to the Faluja road, which cuts through the hills to Kiryat Gat. Here the track, which is due for completion at the end of next year, will join the main line running from Tel Aviv to the Negev, which is planned to reach Eilat eventually.

The main purpose of the new line is to facilitate the haulage of phosphates from the mines at Oron and Har Zin and potash from the Dead Sea to the port at Ashdod. The export of minerals from the Negev via Ashdod is currently 2.5m. tons a year and this figure is expected to double over the next four years. Minerals will make up half the total freight to be carried along the line.

Currently, trains from the Negev bound for Ashdod travel as far north as the Lod junction before being sent back along the coastal line to the port. The line under construction, which stretches for 21 kilometres from Kiryat Gat to



The railway network in the Ashdod region showing the new line under construction from Peleshet Junction to Kiryat Gat.

Ashkelon and another 27 km. from Ashkelon to the junction for Ashdod port, will top 35 km. off the journey. It will also bypass the bottleneck at Lod, the busiest station in the country.

Apart from the building of the bridges and the earthworks, which involved the removal of two million cubic metres of soil, all the work is being done by Israel Railways workers. The rails and sleepers are prefabricated, and put together in small sections and laid by a portable crane on rollers which moves up and down a set of temporary tracks. The permanent tracks are then bolted and welded into position.

In this way, the team can advance by as much as one kilometre a day. But, because of budgetary restrictions, a smaller work-force proceeds at a speed of only 500 metres a day.

When the line is completed, 12 to 16 trains per day will travel along it, each hauling up to 4,000 tons of freight. There are no plans for passenger trains to ply the route as the passenger service from Tel Aviv to Beersheba and Dimona was discontinued at the end of 1979 after the number of people using the route dropped drastically.

However, the tracks will be used much more intensively by containerized cargo if Ashdod is linked up to Eilat port by rail, thus strengthening Israel's "land bridge" between the Mediterranean and the Red Sea.

Operation 'Big Brother'

By JUDY SIEGEL
Jerusalem Post Reporter

THE ADULTS and children who filed, hand-in-hand, into a recent reception at Beit Hanassi (the president's residence) looked strangely mismatched. The men were either quite a bit younger or older than the women, and they didn't all resemble the children.

Though not actually related to the boys, these men, who serve as volunteer "Big Brothers," are as close to them as blood relatives. Ranging in age from soldiers and students to grey-haired men old enough to have grandchildren, each of the 40 Big Brothers provides a male figure with whom the boys can identify.

Most of the children were orphaned, either by war, traffic accident or disease, but a few have fathers who cannot provide them with needed companionship and direction — as in the case of 12-year-old Yitzhak, a dark-eyed boy from Ramat Gan whose father and mother are deaf-mutes.

Yitzhak's Big Brother is Aryeh Hershtig, a 27-year-old electrical engineer and father.

Aryeh had heard of the Big Brother project in Eilat where his family worked as volunteers with new immigrants. But the programme was actually launched privately about eight years ago by Dr. Rachel Markovskiy of the Tel Aviv University faculty.

Matched up by mutual interests, place of residence, religious beliefs and temperament, the young boys and their Big Brothers do what fathers and sons normally do together: go to a movie or spend a day at the beach, fix a bicycle together, work on a stamp album and, most important, talk.

"Your work requires tremendous stamina and emotional strength," said Ofira Navon, wife of the President, to the Big Brothers present at the reception. "This personal involvement represents the highest level of voluntary commitment." She recalled sadly that her father died when she was eight years old, and said that the "thirst for a father figure" to love never really goes away, even in adulthood.

Some boys who have grown up with their Big Brothers over the past eight years have even begun to "adopt" smaller boys as well, according to Dr. Markovskiy, who coordinates the programme from her office at the University. "They want to give back some of the love and attention they received."

The widows, mothers of the "Little Brothers," who attended the reception were unanimous in their praise for the volunteers. "They're beautiful people," said one mother. "I can see the change in my son — such self confidence. Now he no longer needs to feel different from his peers."

U.S. self-help for settlers

Special to The Jerusalem Post

A new volunteer organization based in Cleveland, Ohio, has dedicated itself to promote the *landsmann* concept. This means Jews in America will support in various ways fellow-Americans in Israel or those preparing to go there.

According to its executive director, Shirley Goodman, "Volunteers for Americans in Israel" grew out of the belief that the American *aliyah* (immigration) to Israel could be more successful if Jews in the U.S. identified more with the settlers and assisted them.

"Preparation of Americans for their life in Israel should begin long before they get there," Mrs. Goodman asserts. "Their language preparation, for instance, should be much more thorough than it has been. They also need insight into Israeli life."

Members of the organization already in Israel will provide new arrivals with important information on the problems of everyday living in the Jewish State. Members still in the US will be offered the opportunity to make investments in such ventures as the organization's own "American Village," which will be "built around tourism and tourist-oriented enterprises, it is stated."

Also envisaged for the "American Village" are retired volunteer programmes, youth programmes, summer camps and university-level courses.

American foundations will be approached for grants to help provide permanent housing for organization members moving to Israel. The organization — Volunteers for Americans in Israel — can be reached at 1414 S. Green Road, Cleveland, Ohio, telephone: 216-291-2218.

THE REAGAN REVOLUTION

(Continued from page 13)

the "old" conservative Republican tradition) and the "Moral Majority" espoused by conservative Christian ministers like Jerry Falwell.

The president recently linked his anti-Communism in part to its godlessness; and repeated his campaign commitments to a restoration of prayers in public schools, together with the biblical account of Creation, and an amendment to the Constitution to prohibit abortions.

This moral agenda will bear close attention and may pose real concerns for the American Jewish community if it is effected.

WILL THE "Reagan Revolution" succeed as effectively as Franklin Roosevelt's New Deal and thereby fundamentally change the direction of America? The president has much going for him, including

public frustration with the *status quo*.

He has already shown himself to be an effective communicator on television and, quite apart from the recent assassination attempt, he has a substantial personal following. The ability of now-divided Democrats to present a convincing alternative will offer a potential hurdle. But, in the end, the real test will be simply whether inflation can be substantially reduced while growth is stimulated.

While this will have to await the passage of time, no one should underestimate the revolutionary nature of what President Reagan is attempting and the skill with which he is doing it.

Shari Elensztat practises law in Washington and is teaching law at the John F. Kennedy School of Government, Harvard University.

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BON VOYAGE — According to estimates by officials at the Ministry of Industry, Trade and Tourism, more than 500,000 Israelis will travel abroad this summer. A similar number of Israelis went overseas last year for their summer vacations.

THURSDAY, APRIL 23, 1981

Nasty dilemma

THE DIPLOMATIC BATTLE between the two "permanent allies," as Secretary of State Alexander Haig termed Israel and the U.S. on his recent visit here, has now been openly joined, he says is America's determination to supply highly sophisticated arms, notably AWACS surveillance planes, to Saudi Arabia.

Only a week ago Premier Menachem Begin voiced his fairly confident expectation that the AWACS deal would fall through, if only because a majority of the Senate, whose assent is required, took a dim view of the arrangement. Now it has been made official that President Reagan's administration remains committed to the sale of the aircraft, and will merely delay the notification to the Congress by four or five months. By then, it is anticipated, enough knotters will have been persuaded that the sale is essential to America's security and poses no threat to Israel's.

Yesterday, its earlier hopes vanished, Mr. Begin's cabinet followed up the announcement from Washington with a fiercely-worded statement of "unreserved opposition" to the planned package, which includes improved versions of the F-15 along with the AWACS.

In itself, Jerusalem's argument was familiar enough. Arming Saudi Arabia, a prime Arab rejectionist, to the hilt would only work to undermine peace prospects between the Arabs and Israel. The government spokesman also gave short shrift to the soothing assurances offered by the acting White House spokesman that the spy planes would not be available to the Saudis until 1985, that the intelligence gathered by them would be processed by U.S. technicians, and that in any case the AWACS could easily be shot down in wartime.

On its terms, the Israeli argument could hardly be faulted. The logic of regional peace would seem to dictate that Saudi Arabia, which is already armed beyond its absorptive capacity, be denied rather than supplied fresh means of attack so long as it remains volubly opposed to the Camp David peace process and supportive of the terrorist organizations. For surely there is not the slightest hope that such armaments could be effectively employed by the Saudis to ward off Soviet aggression in the region.

Unfortunately the argument misses the mark. The AWACS deal is fully consistent with President Reagan's revised U.S. strategic doctrine which had Mr. Begin's circle licking their chops in expectation that its aggressive stance against Soviet expansionism would also mean greater appreciation of Israel's value to the U.S. as a "strategic asset." For the Middle East this American doctrine promises a single-minded concentration on winning the goodwill of the Arab Gulf states, mainly Saudi Arabia, so as to secure that giant oil basin for the West. Almost everything else, including Arab-Israeli peace, is incidental.

The AWACS may of course be dangerous, or at best useless, toys for the Saudis to possess. But in terms of the doctrine these toys must be supplied because that is Riyadh's condition of strategic cooperation and of a steady oil flow.

The problem of reconciling America's interests in the Arab world with its Israeli concerns is hardly new. Jerusalem's aim has long been a tough balance — but in Israel's favour, and for reasons of both Realpolitik and equity. Under Mr. Reagan, in many ways far one of the friendliest U.S. presidents in 33 years, equity has been demoted and Realpolitik has come to mean AWACS for Saudi Arabia and "compensation" for Israel.

In these conditions for Israel to mount a truly energetic campaign against the mooted deal would only strain relations with the U.S. The government is well aware of this, which explains the relatively low profile it maintained in this matter until yesterday. The present fierce opposition, it is reasonable to assume, is designed to impress the Israeli voter rather than the U.S. policy-maker.

The successor Israeli administration, however, will have a genuinely nasty dilemma on its hands.



Stars of David highlighted by a menorah are the central element of this year's 33rd Independence Day poster, 40,000 of which will be issued for the holiday on May 7 by the Government Information Centre in Hebrew, English, Spanish, French and German. The poster was modelled on a stained glass window, fashioned especially for the occasion.

Daylight time

THE DIRECT SAVING on fuel through the introduction of summer time is probably not greater in Europe than in Israel. Nevertheless, the wealthy countries of that continent find it proper to substitute even a small fraction of the expensive fuel by the sunlight that costs nothing — and of which they have less than we.

Israel, so Interior Minister Yosef Burg has decided, after an amendment to the law gave him discretion in the matter, is above such puny savings.

No rational argument is likely to shake the sanctity that the religious parties seem to attach to the counting of the hours based on Greenwich — which is certainly not to be found in any Shulchan Arukh. The argument against summer time is that it will lead to the desecration of the Sabbath. Last year, when a Supreme Court decision forced Dr. Burg to advance the clock, was an opportunity to make a study whether this is indeed so, but no such study has been made. Apparently it might have confused Dr. Burg with facts.

TUESDAY, APRIL 21, 1981

Keeping Lebanon's peace

WHAT IS ISRAEL'S purpose in Lebanon? The question is not exactly new, but the events of the past few days have lent it special urgency.

To Israel's many critics abroad, the answer seems obvious: to keep Lebanon in a state of turmoil, chaos and disunion, so as to expand Israel's influence as far north as possible while bolstering the power of the Christian militias, whether Sa'ad Haddad's or Bashir Jemayel's, and keeping the PLO-leftist and Syrian forces tied down and off balance. In the process, it has also sometimes been suggested, Israel means to annex the area of the Jordan River sources up to and even beyond the Litani.

Seen through official Israeli eyes, this interpretation is a grotesque travesty of the truth. True, the PLO is Israel's self-proclaimed mortal enemy, and this country need make no apologies for striking at these terrorists and their allies wherever they may be encamped. Nor are any excuses in order for Israel's determination to deter the Syrian "deterrent" force from crossing the Litani river south, even in the guise of a bogus "reconstructed" Lebanese army.

However, it is not Israel's purpose to keep Lebanon weak and divided. The present virtual break-up of Lebanon is the direct outcome of a PLO-instigated civil war that left Lebanon bleeding white and on the brink of extinction as a state. That was not Israel's doing, and Israel's present backing for Major Haddad in the south must not be viewed as lessening its backing, as a matter of principle, for Lebanon's sovereignty, independence and territorial integrity.

To achieve these aims fully it would, of course, be necessary for Lebanon to free itself of the PLO's stranglehold and of Syria's occupation.

This, roughly speaking, has been Israel's official position on Lebanon, insofar as it could be gathered from statements by government leaders. Lately, it is true, Premier — and Defence Minister — Menachem Begin has expanded this country's commitment to Major Haddad, by applying it publicly to the entire Christian community in Lebanon, indeed to all threatened minorities in the Middle East. Mr. Begin's claim that he was merely restating settled policy could not be verified from the public record.

Mr. Begin's alleged "restatement," however, was not nearly as disturbing as the gloss on it offered in a *Davar* interview last Friday by a senior army officer.

In this army-approved, and only slightly censored interview, O/C Northern Command Aluf Avigdor ("Janusz") Ben-Gal gives the lie to the charge that Israel is seeking Lebanon's partition. A Lebanon split into Muslim and Christian cantons, he observes, would only mean Syrian dominance in the south. If it wishes to get rid of the Syrians and crush the PLO's political power in Lebanon, Aluf Ben-Gal suggests, Israel must help the hard-pressed Christians "take over the entire country."

Needless to say, such an aggressive attempt by the Christian minority could only be secured, if at all, through renewed civil war accompanied by a major clash between Israel and Syria. Perhaps that is why Aluf Ben-Gal does not bother to say it.

Clearly, though, what he now proposes is a drastic revision of Israel's purpose in Lebanon, as it has been understood by most of its countrymen. At a time when many Israelis are gravely disturbed by such savage acts of retribution by Major Haddad — now at a Haifa hospital — as the indiscriminate shelling of Sidon for the killing of three militiamen, the O/C Northern Command has raised a major fresh issue about the uses of Haddad's forces and their implications.

To this moment Aluf Ben-Gal's opinions have not been disavowed by his civilian superiors, either for their belligerent substance or for the intrusion they represent into policy making. This silence will only reinforce suspicions, first aired at the height of the Syrian siege of Zuhle, that some government leaders are intent on involving Israel in a fine little war in Lebanon on the eve of the Knesset election.

equals," and, he says, in Israel, an artist has nothing to fear.

In evaluating the company he now works with, and Israeli theatre in general, Anatol is cautious.

"Every country has the theatre it deserves — and vice-versa," he says, praising the cooperativeness, the hard-working spirit, and the fine human material he has seen here. But there are other aspects he has found difficult to accept.

"Commercialization, for instance. I am aware that in Rumania, it is the state that subsidizes theatre and here every one has to earn his own living — but sometimes it passes the limits. It's very hard to keep things at a good artistic level this way. To give an example, I could seldom have as many rehearsals of *Puntilla* as I wished, because the theatre was always taken by something else, a play, a performance. In Rumania, we would have them all cancelled to make room for rehearsals of a new play. Here, it's the other way round, it seems."

"Here I feel like I was born again," Anatol beams. "My parents are buried here, my two children preceded me — I've always known I'd also come someday." For him, Israel will never be "home," he emphasizes, because people have only one homeland, just as they have one mother and father. "But it's the land where I feel free, where I walk among my brethren and my



By MARY HIRSHFELD
Jerusalem Post Reporter

Theatre director is 'born again'

WHEN THE curtain rose on the stage of the Haifa Municipal Theatre this month and unveiled the first, funny scenes of Bertolt Brecht's *Puntilla and his Servant Matti*, Constantin Anatol probably gave a big sigh of relief.

Anatol, the play's director, was obviously glad to see the culmination of so many months of hard labour. This *Puntilla*, however, is for him something much more special: it's his first work here.

A much-praised theatre personality in his native Rumania, Anatol has over 150 stagings to his credit in several countries behind the Iron Curtain, and was a reputed film actor and drama school teacher. He left it all six months ago to come on aliya with his wife, joining their son, daughter and grandchildren here. He lives now at Ulpian Etzion in Jerusalem, works with the Khan Theatre and has been "on loan" to the Haifa Theatre.

"Honestly, I did not believe things would work out so well for me,"

he admits with a smile. "I've always heard Israel is a lountry full of intellectuals, of fine theatre people who can get no job. If the worst came to worst, I thought, I could always go to work in some hotel, at the reception desk, for example, because I speak several languages. I'm glad I was wrng."

Blond, green-eyed Anatol looks much younger than his 63 years and exudes assertiveness and self-control. He is pleased to talk of his hopes and his past.

"There are not many Jewish actors left in Rumania, maybe a handful, and even few directors. They are all very good, of course, because when you're a Jew in Rumania you have to excel if you want to survive. I was 'tolerated' for 37 years not because they liked me — they didn't — but because I was good. It was,

READERS' LETTERS

PLO OFFICES IN EGYPT

To the Editor of *The Jerusalem Post* Sir, — Article III, paragraph 2 of the Israel-Egypt Treaty specifically declares that "Each party also undertakes to refrain from organizing, instigating, inciting, assisting or participating in acts or threats of belligerency, hostility, subversion or violence against the other party..."

Egypt's sponsorship of PLO terrorist offices in Cairo and El Arish is a blatant violation of the treaty's provisions. Since Egypt seems to have no serious intention of abiding by the treaty, Israel is under no obligation to observe it, either.

For Israel to surrender the remainder of the Sinai — when Egypt is openly using the part it already has to organize anti-Israel terrorism — would be suicidal.

RAFAEL MEDOFF

RABBIS AND FREEDOM OF THOUGHT

To the Editor of *The Jerusalem Post* Sir, — I give Gad Hugo Sella my loud hurrah for his letter, "Religious coercion" (March 20). And a nasty sneer to J. David Shulman for his article, "An exile in America" (March 27).

Mr. Shulman loves your theocratic state. But only since he ran away from it, back to Brooklyn where the living is so much easier. On the other hand, it is causing Mr. Sella quite a bit of agony. And, why not? To be under constant rabbi control in so many important areas of life is reason enough for his expressed bitterness.

Rabbis wherever they are, in your country, in mine, oppose freedom of thought. They resolutely ignore that belief in Judaism (and this is

true of all religions) is an artificial thing; no one, not anyone, is born with it. And the rabbis totally refuse to acknowledge that there were Jews long before there was Judaism. Is it not unmitigated gall to try to attribute the brilliance of the Jewish mind, not to inherited genes, but to rabbinical teaching?

At least in my country, the law is on my side, not the rabbis (or the ministers or the priest or the mullahs, etc.). I can boast both of my proud Jewish heritage and my disbelief in any religion. I can safely remind Jews like Mr. Sella that they are, and their children's children will be, Jews by birth and not by fiat of any rabbi.

WILL GERBER
New York.

REMAINING A JEWISH STATE

To the Editor of *The Jerusalem Post* Sir, — I cannot understand what is in the mind of those who advocate the annexation of the West Bank and the Gaza Strip.

For me, Zionism means the struggle of the Jewish people for a state of their own where Jews form the majority. A Jewish state is the only guarantee against anti-Semitism.

What will become of the Jewish majority if Israel were to annex the

West Bank and the Gaza Strip and thus incorporate more than a million more Arabs as citizens of the state? According to Prime Minister Begin, this should be our aim. But in view of the much higher birth rate of the Arabs, I wonder how long Israel would be able to maintain its Jewish and democratic character.

MATHIAS SYLWAN
Stockholm

PROMPT HELP IN EMERGENCY

To the Editor of *The Jerusalem Post* Sir, — I have noticed that most readers' letters of appreciation are written by tourists and most letters of complaint by permanent residents. This time, I would like to reverse the situation.

A short while ago, drainage water flooded our cellar, endangering our central heating equipment, and our

regular plumber left us in the lurch. The Municipal Sanitary Services of Jerusalem promptly came to our rescue and within two hours, canalization and cellar were in order.

I will definitely pay my municipal rates this year with more enthusiasm than usual.

DR. H. STRAUSS
Jerusalem.

GOLDEN GATE

To the Editor of *The Jerusalem Post* Sir, — The Golden Gate over Jerusalem as described and sketched in a recent story of *The Jerusalem Post* would be a disaster.

Many friends of Jerusalem who work and pray for its well-being are dismayed and horrified at the very idea. So much has been done to preserve the priceless beauty and historic significance of Jerusalem, for the world as well as for those who call it home, that merely to contemplate such an unnecessary and ugly project would contradict the ground and substance of our hopes and endeavours.

If this Golden Gate were ever contemplated, Jerusalem would lose many friends who dedicate their art, their craft and their substance to its well-being.

URSULA M. NIEBUHR, D.D.
(Member of the Jerusalem Committee since 1969)
Stockbridge, Massachusetts.

ISRAELI DRIVERS

To the Editor of *The Jerusalem Post* Sir, — I must vehemently disagree with Robert Targan's letter of April 9 praising Israeli motorists. Fifteen thousand needless accidents per year cannot so easily be dismissed. One just has to stand on any street and watch motorists ignoring children and adults on pedestrian crossings, or motorists driving with an arm hanging out of the window, to realize how poor the driving really is.

I do agree that pedestrians too are responsible for the appalling accident figures and, therefore, it is also the responsibility of drivers to treat all pedestrians as potential accidents — and drive in anticipation of their misdeeds.

The first step in improving road safety in Israel must be the raising of standards of police driving. It is time they were an example of safe, correct and courteous driving to us all.

Mr. Targan, too many bereaved families are testimony to the sad state of affairs on Israel's roads.

DR. M. A. MANDEL
Ra'anana.

CREATION OF 'LANGUAGE GHETTOS'

To the Editor of *The Jerusalem Post* Sir, — According to your report of April 8, almost all of the 14 settlements seeing new immigrants accept only those speaking the same mother tongue, as well as their Israeli-born spouses. It is very disturbing to read that this is official absorption policy, as it can only lead to "ghettos" scattered around the country.

It is hard enough for immigrants to learn Hebrew when exposed to it in every-day life. With such a policy, these families will never learn to speak Hebrew well. Moreover, instead of feeling at home here, they will always feel strangers in their own country.

In my opinion, this policy is destructive and cannot help unite our country.

Carmiel.

'NEGLECT OF BIBLICAL ZOO'

To the Editor of *The Jerusalem Post* Sir, — My husband and I are subscribers and avid readers of *The Jerusalem Post International Edition*, and we are soliciting your help in a matter that concerns us very much. Unfortunately, it does not seem to concern many other people.

We have been visiting Israel for the past 10 years on a regular basis. Our son and his family live in Jerusalem, and on our visits, we always take the children to the Biblical Zoo. This is usually a highlight in our visit for them and for us. However, on our last trip, we were shocked by the deplorable condition of the premises. They are suffering from neglect to a most dis-

turbing degree. Doesn't anyone care?

We would like to make a substantial contribution to the Zoo for maintenance purposes, but we don't know where to direct our funds to be sure they will be used properly. We even thought of setting up a fund and asking others to contribute to it, if that is feasible. Could you supply us with the information we need?

MRS. NEAL AARON
Havertown, Pennsylvania.

We have referred Mrs. Aaron's letter to Professor Shulov the Director of the Jerusalem Biblical Zoo. — Ed. J.P.

UK POLICY TOWARDS THE PLO

To the Editor of *The Jerusalem Post* Sir, — Protests by the Board of Deputies of British Jews, the Zionist Federation and other groups have had no effect whatever in changing Britain's policy as regards dealing with the PLO and its leader, Yasser Arafat. It is obvious that Her Majesty's Government feels that the opinion of Jews in this country is not one that ought to influence Britain's Middle East policies in any way.

The only way influence can be brought to bear is for people in this country and Israel to tell their relatives and friends in the United States what is happening in Britain and the rest of Europe. They may then acquaint their elected representatives of the fact that, while the European governments shelter under the U.S. military umbrella, they are quite happy to sell out Western interests for oil and money.

FRNEST G. KOLMAN
Greenford, Midx.

DAYLIGHT SAVING TIME

To the Editor of *The Jerusalem Post* Sir, — Almost all European countries, including Russia, as well as the United States, introduced daylight saving time on April 1. Why don't we follow suit?

Surely, he Orthodox Jewish communities if these countries will be

happy to enlighten us about how they adjust their prayer times to the new summer schedule in case Dr. Burg cannot find out by himself during his frequent visits to Europe and the United States.

L. PINTER
Haifa.

Peking Duck in Petah Tikva



Many Israelis partaking of their weekly portion of Wonton Soup, Spring Rolls and No.47 are convinced that there must be some truth in the recent *Newsweek* report that Israel is selling China two billion dollars worth of arms.

If it's not true, how come the recent amazing growth of Chinese restaurants in Israel? Surely that must be Peking's repayment.

Now the official Peking Review claims that the *Newsweek* allegations are "fabrications pure and simple."

While we, The Jerusalem Post International Edition, are unable to tell you whether Israel is selling arms to China or not, we can tell you more than any other paper about Israel's economy, defence problems, educational and religious affairs, theatre, cinema, sport, agriculture, archaeology, etc., etc.

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